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GOVERNMENT OF INDIA

PLANNING COMMISSION

THE FIRST FIVE YEAR PLAN

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A SUMMARY

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MADRAS INSTITUTE OF DEVELOPMENT STUDIES
(M. I. D. S.)
74, Second Main Road, Gandhinagar
MADRAS India

GOVERNMENT OF INDIA
PLANNING COMMISSION

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FOREWORD

The First Five Year Plan was presented to Parliament by the Prime Minister on December 8, 1952. The Plan. which consists of two volumes, will be available in print after a few weeks This summary is intended to set out in brief compass the main proposals made in the Plan.

December 12, 1952.

Explanatory Note

The expressions 'lakh' and 'crore', which are frequently used, signify 100,000 and 10 million respectively.

INTRODUCTION

The Planning Commission was set up in March, 1950 by the Government of India, its terms of reference being to:

"(1) make an assessment of the material, capital and human resources of the country, including technical personnel, and investigate the possibilities of augmenting such of these resources as are found to be deficient in relation to the nation's requirements;

(2) formulate a Plan for the most effective and balanced utilisation of the country's resources;

(3) on a determination of priorities, define the stages in which the Plan should be carried out and propose the allocation of resources for the due completion of each stage;

(4) indicate the factors which are tending to retard economic development, and determine the conditions which, in view of the current social and political situation, should be established for the successful execution of the Plan;

(5) determine the nature of the machinery which will be necessary for securing the successful implementation of each stage of the Plan in all its aspects;

(6) appraise from time to time the progress achieved in the execution of each stage of the Plan and recommend the adjustments of policy and measures that such appraisal may show to be necessary; and

(7) make such interim or ancillary recommendations as appear to it to be appropriate either for facilitating the discharge of the duties assigned to it; or, on a consideration of the prevailing economic conditions, current policies, measures and development programmes; or on an examination of such specific problems as may be referred to it for advice by Central or State Governments".

In July, 1951 the Planning Commission presented a draft outline of a plan of development for the period of five years from April, 1951 to March, 1956. The plan included a number of development projects which had been already taken in hand as well as others which had not yet been begun. The draft plan was divided into two parts, the first involving an expenditure of Rs. 1,493 crores and

consisting largely of projects in execution which were to be implemented in any case, and the second proposing an outlay of Rs. 300 crores which was to be undertaken if external assistance were available. While the execution of development schemes which had been included in the plan after consultation with the Central Ministries and the State Governments was not to be affected, the Draft Outline was addressed to the country for general discussion and comment in the following words:—

> "Planning in a democratic State is a social process in which, in some part, every citizen should have the opportunity to participate. To set the patterns of future development is a task of such magnitude and significance that it should embody the impact of public opinion and the needs of the community. We have, therefore, felt it necessary, before presenting our proposals in complete detail, to offer a Draft Outline of the Plan. The Draft is intended to be a document for the widest possible public discussion. We hope to have further consultations with the Central Ministries, State Governments and our own Advisory Board and Panels, and also to obtain the views of Members of Parliament before we finalise the Plan".

Since its publication, the Draft Outline has been examined in detail by the Central Government and the State Governments. It has been discussed in Parliament and most of the Legislatures in the States. A large number of organisations representing industry, commerce, labour, farmers, and other interests have expressed their views. At the request of the Planning Commission, many educational institutions set up seminars of teachers and students to study the plan and send their comments to the Commission. Many district boards and municipal committees also commented on the Plan. In every district groups of officials and non-officials met together to study the Plan in relation to their local problems. Ever since its publication the Draft Outline has been a subject of extensive comment in the daily press and in periodicals. A considerable volume of literature in the form of books and pamphlets prepared by independent writers has also become available. Thus, as a result of the discussion which has taken place, every aspect of the proposals in the Draft Outline has been subjected to the fullest possible examination.

The Planning Commission has endeavoured to make a careful study of the material which has been received during the past eighteen months. It has had the opportunity also of working out details of many projects and pursuing its own studies in different fields. In each sphere of national development the Commission has

conferred with the Central and State Governments and their experts as well as with men and women of knowledge and experience outside the Government. The Commission also consulted its Advisory Board and some of its Panels. Recently, the Commission has held consultations with representatives of the principal political parties, leading women workers and some members of Parliament.

In its final form, the Five Year Plan no longer consists of two parts and the various programmes have been brought together into a single plan. The Five Year Plan, which relates to the same period as in the Draft Outline, is now estimated to involve a total outlay of Rs. 2,069 crores. The broad allocation of resources between the main heads of development in the Plan as compared to that indicated in the Draft Outline is as follows:—

(Rs. crores)

	Outlay during 1951—1956		Percentage of total outlay	
	Five Year Plan	Draft Outline	Five Year Plan	Draft Outline
Agriculture and Community Development	360·43	191·69	17.4	12·8
Irrigation and Power	561·41	450·36	27·2	30·0
Transport and Communications	497·10	388·12	24·0	26·1
Industry	173·04	100·99	8·4	6·7
Social Services	339·81	254·22	16.64	17·0
Rehabilitation	85·00	79·00	4·1	5·3
Miscellaneous	51·99	28·54	2·5	1·9
	2068·78	1492·92	100·0	100·0

All the development projects included in the Draft Outline are of course included in the Plan as it has been now prepared and, as mentioned earlier, many of them are in progress. A number of additions and changes in presentation have been made. The principal changes made in the Plan as compared to the Draft Outline are explained, however, by the attempt to strengthen the Plan, with due regard to the resources which could be foreseen, at those points at which it was felt that the earlier proposals fell short of the needs of the country. In the field of agriculture and community development, for instance, additional programmes have been introduced with a view to ensuring that the targets of agricultural production will be reached. These include a provision of Rs. 90 crores for community development projects, Rs. 30 crores for additional minor irrigation

programmes and provision for the establishment of a national extension organisation. Among other urgent problems for which provision has now been made are: soil conservation, resettlement schemes for landless agricultural workers, and training and experiments in co-operative organisation. In the field of irrigation and power development, in addition to providing for projects already in hand, funds have been allocated for undertaking certain new river valley schemes which are considered vital for the development of large regions served by them. To keep pace with progress in other sectors of the economy, especially industry and irrigation and power, increased provision has been made for railways, roads, civil aviation, posts and telegraphs and ports. Programmes for major ports which did not find a place in the Draft Outline have now been included in the Plan.

In the Draft Outline, owing to the greater urgency of the programmes for agriculture and irrigation, the provision made for the development of industry in the public sector was insufficient. In the Plan as now presented, in addition to providing for an integrated steel plant, Rs. 50 crores have been allocated for further expansion of basic industries, including manufacture of heavy electrical equipment and fertilisers, and for organising increased transport facilities required for industry and mineral development. Village industries, small-scale industries and handicraft, whose importance for the economy as a whole can scarcely be exaggerated, have been given greater emphasis in the Plan. In addition to the setting up of boards for khadi and village industries and for handicrafts, the imposition of a cess on millmade cloth to assist the development of khadi and handloom, and measures taken for the reservation of certain lines of production in favour of the handloom industry, the Central Government's plan provides Rs. 15 crores for cottage and small-scale industries.

In the field of social services also, the Plan has several important programmes. These include a national malaria control scheme estimated to cost Rs. 10 crores, increased provision for scheduled tribes and scheduled areas and for scheduled castes and other backward classes, including criminal tribes, a programme for industrial housing costing about Rs. 49 crores, increased allocation for technical education and provision for youth camps and labour service for students. Provision is also made for carrying forward the rehabilitation of displaced persons from West Pakistan and it has been made clear that if circumstances so warrant it will be necessary to provide larger funds for the rehabilitation of displaced persons from East Pakistan.

In three other directions important additions have been made. In order to avoid adverse effects on the implementation of the Plan in the States on account of seasonal failures which occur from time to time in different parts of the country, a provision of Rs. 15 crores for assistance to scarcity-affected areas has been made in the Central Government's plan. Secondly, each State plan is being broken up into plans for districts and sub-divisions of districts so that these may be further supplemented through the effort and co-operation of the local people. In the nature of things, State plans cannot provide for all the possible needs of the people and it is necessary both to integrate them with the programmes of district boards and municipalities and to add to them other local programmes designed to meet the felt needs of the people. In addition, to assist local works to which the people themselves contribute in labour and otherwise, the Plan allocates a sum of Rs. 15 crores over the next three years. Finally, a national plan which embraces both the public and the private sector may yet be incomplete unless the enthusiasm and support of large numbers of voluntary organisations and voluntary workers engaged in constructive work can be harnessed for national development. To provide an increasing field of work for the 'people's sector', as it were, the Plan provides a sum of Rs. 4 crores to be utilised for assistance to voluntary social welfare organisations at the instance of a social welfare board to which a great deal of administrative authority may be devolved. A word may also be added about the provision of Rs. 50 lakhs made in the Plan for research and investigation into social, economic and administrative problems relating to national development. In many fields sufficient data are wanting to enable policies to be formulated. It is proposed, therefore, to organise, in co-operation with universities and other institutions, special investigations into selected problems of development.

Besides the plan for the public sector the Planning Commission has formulated development programmes for forty two industries in the private sector. These programmes have been prepared in co-operation with the Ministry of Commerce and Industry and after full discussion with representatives of individual industries. The programmes for industrial development have been indicated briefly in this report and are to be presented in a separate volume which will be published shortly.

This report on the Five Year Plan sets out the programmes of development and also outlines general proposals and policies in each field of development. The report is divided into three parts. The first part contains an analysis of the process of development in an under-developed economy and indicates the long-term goals

towards which national effort is to be directed. The objectives, priorities and techniques of planning are set out at some length and an assessment is made about the resources which have to be mobilised in order to carry out the Plan. The first part of the Report concludes with a summary statement of the Five Year Plan and of what is sought to be achieved through it. The second part of the report is concerned with administration and public co-operation, Several suggestions are offered for the reform of public administration. On the question of administration of development programmes at the district level, where vital nation-building work is undertaken and the co-operation with the people is all-important, a number of proposals are offered for consideration and action on the part of State Governments and other authorities. This portion of the report closes with the consideration of the problems of public co-operation in national development, a theme which, because of its high importance and urgency, recurs throughout the report. In the third part of the report, we outline the various programmes of development. These are grouped under three broad heads, namely, agriculture, irrigation and community development; industry and communications; and social services and employment. Each aspect of development is taken up in turn, needs and resources assessed and the Commission's own proposals for policy and action are presented. In a separate volume details are given concerning the principal development schemes included in the Five Year Plan.

Important questions of policy relating, for instance, to the land problem, the food problem, provision of finance for agriculture, common production programmes for small-scale and large-scale industries, selection of irrigation and power schemes and conservation of mineral resources have been under close examination in the Planning Commission. In making its recommendations, the Commission is conscious that the framing of social and economic policies in different fields is a continuing process and that, within the framework of priorities and objectives now formulated, such changes as may be necessary in the interest of national development will be made as further experience is gained and ideas are tested in practice. In the field of policy the Central and State Governments have to act in close co-operation with one another. Such co-operation will be greatly facilitated as a result of the setting up in August, 1952, of the National Development Council which includes the Prime Minister of India and the Chief Ministers of all States.

The fulfilment of the Five Year Plan calls for nation-wide co-operation in the tasks of development between the Central Government and the States, the States and the local authorities, with

voluntary social service agencies engaged in constructive work, between the administration and the people as well as among the people themselves. Although several programmes included in the Plan are already under way, it is important that through sacrifice borne equally by all citizens the effort and resources of the entire nation should be mobilised in support of the Plan so that, during the coming years, the tempo of development can be greatly increased and the Plan becomes a focus of intense activity and a field of common endeavour throughout the country.

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I. THE PROBLEM OF DEVELOPMENT

Planning, Economic and Social Aspects

The central objective of planning in India is to raise the standard of living of the people and to open out to them opportunities for a richer and more varied life. Planning must, therefore, aim both at utilising more effectively the resources, human and material, available to the community so as to obtain from them a larger output of goods and services, and also at reducing inequalities of income, wealth and opportunity. A programme aiming only at raising output might result in most of the increased wealth flowing into the hands of a few, leaving the mass of the people in their present state of poverty. It would thus fail to achieve wider social objectives. On the other hand, a mere redistribution of existing wealth would impair the well-being of certain sections of society without sensibly improving the lot of the rest. Our programme must, therefore, be two-fold, leading at once to increased productivity and reduction of inequalities.

These two sides of the programme act and react on one another, and to decide to what extent an immediate advance in one direction is compatible with advance in the other is a matter for careful judgment. While in the initial stages the accent of endeavour must be on increased production—because without this no advance is possible at all—planning even in the initial stages should not be confined to stimulating economic activity within the existing social and economic framework. That framework itself has to be remoulded so as to secure progressively for all members of the community full employment, education, security against sickness and other disabilities, and adequate income.

The essence of planning is simultaneous advance on all fronts. Since the resources at the disposal of a community are limited, it is necessary to proceed in terms of priorities taking in hand the most urgent things first and utilising resources in each line to the best advantage. The realisation of the basic social objectives of planning in an under-developed economy necessitates large scale changes in modes of production, in commercial and industrial organisation and in the institutional framework of corporate life. Such changes have to be initiated early but they inevitably take time to come into full fruition.

In a community which launches upon planning, there must be a large measure of agreement as to the ends of policy, and the Plan

must express this agreement on fundamentals. The successful implementation of the Plan presupposes effective power in the hands of the State for determining policy and directing action along defined lines and there must be an efficient administrative machinery with personnel of requisite capacity and quality to administer policy.

The democratic way

The techniques for planning link up directly with the basic approach that a community decides to adopt for the realisation of its objectives. The approach to be adopted in India has been defined in the directive principles of State policy laid down in the Constitution. Democratic planning, it must be admitted, presents special difficulties. Democratic processes are complex, and the conflicting pulls from different political parties are apt to generate frictions and to slow down the pace of change. And, yet, it is only through democratic processes and methods that a vigorous creative political life is possible. For democratic planning to succeed, it will have to energise the entire community and to place before it a goal of endeavour which will call forth all its latent creative urges. The crucial factor here is leadership, not merely leadership at the top but at all levels.

Capital formation

The level of production and the material well-being of a community depend mainly upon the stock of capital at its disposal—the amount of land *per capita* and of productive equipment in the shape of factories, locomotives, machinery, irrigation facilities, power installations, and communications. The use of resources for building up such equipment is capital formation, and on capital formation, in the main, depends the rate of development of the economy. There are two ways of stepping up capital formation; one is to utilise resources hitherto unutilised and the other is to divert resources from the production of consumer goods. An under-developed country has a certain advantage, in that it has large resources of unutilised or under-utilised manpower. To the extent that such resources can be pressed into productive use, there is less need for drawing resources away from the production of consumer goods. There are, however, limitations to direct utilisation of unemployed resources. The problem arises mainly in respect of idle manpower. This consists mostly of unskilled labour which would have to be trained before it could be recruited for the new works to be undertaken. Further, in the process of utilising this manpower, considerable money incomes are likely to be created, and since it would be some time before production increases to the required extent, this is likely to generate inflationary pressures.

From the experience of various countries which are now highly developed, it appears that in most of these a doubling of *per capita* incomes within a generation or so required a rate of net investment of the order of 12 to 15 per cent. of the national income. In under-developed countries with low standards of living and rapidly increasing population, capital formation at around 20 per cent. of national income would probably be necessary for securing a rate of growth commensurate with needs.

There are two courses open to a country which seeks economic development. One is to impose on the community a high rate of saving through taxation, loans and various other devices so as to build up rapidly its stock of capital. The other course is to proceed more gradually in the initial stages, but this means that the rise in incomes will take more time to materialise. The first alternative is likely to mean great hardship in the immediate future but with corresponding benefit in the longer run. The second alternative minimises the hardships in the initial stages but it promises slower development. The problem in practice is to strike the right mean.

Doubling per capita incomes

It will be agreed that the objective of planning in India must be to double *per capita* incomes as early as possible, keeping in mind the considerations suggested above. There are three factors to be taken into account in this connection: (a) the rate of growth of population; (b) the relationship between investment (*i.e.* capital formation) and increase in national output; (c) the proportion of the increase in national output that can be devoted to investment.

During the last decennial period, population in India has grown at the rate of $1\frac{1}{4}$ per cent. per annum. It may be assumed as a first approximation that for the next two or three decades, this rate of growth will be maintained.

The relationship between investment and output is very complex. It varies between industry and industry, country and country and from stage to stage. It depends, for instance, upon the stage of development already reached and also on the pattern of development chosen. If the bulk of the investment outlay is on highly capital-intensive projects, the amount of investment required to get a unit increase in output will be correspondingly large. In certain lines, on the other hand, productivity can be increased rapidly without large scale investment. In some of the industrially advanced countries, a unit increase in national income has required, in the last few decades, something between 3 and $3\frac{1}{2}$ times as much in terms of additions to capital stock. These relationships are by no means invariable and can

only be used as broadly indicative of requirements. For purposes of calculation in respect of rates of development in India, it would, on the whole, seem legitimate to assume a ratio 3 : 1; that is, we assume that a unit increase in national output will require about three times as much by way of investment or addition to capital equipment. Since the increase in output takes some time to materialise, it may further be assumed that the increase in income corresponding to investment in a particular year will become available after a lapse of two years.

The problem then is to determine the proportion of the additional national output which can, so to say, be "ploughed back" into investment. The national income of India in 1950-51 was approximately Rs. 9,000 crores. Starting from this level, it can be shown that if the community can "plough back" into investment as much as two-thirds of the additional income each year, *per capita* incomes can be doubled—which means aggregate national income can be increased by 160 per cent.—in about 22 years. Such a high rate of saving would, however, strain the economy excessively. A low rate of investment, such as 25 per cent. of additional income, would, on the other hand, mean a much slower rate of increase in national income. In the present Five Year Plan, capital formation is estimated to rise by about 20 per cent. of the additional national income each year. The internal resources thus available will, to some extent, be supplemented by external resources. By 1955-56, national income will have gone up to about Rs. 10,000 crores, *i.e.*, by about 11 per cent. If, from 1956-57 onwards, investment is stepped up each year by about 50 per cent. of the additional output, it would be possible, on the assumptions mentioned above, to double *per capita* incomes in about 27 years from now, *i.e.*, by 1977. This is brought out in a special graph.

The effort involved in reaching this target of doubling *per capita* incomes by about 1977 may be judged from the fact that the rate of saving as a proportion of total national income will have to go up from 5 per cent. in 1950-51 to 20 per cent. by 1967-68. It is estimated that by 1955-56, as a result of the Plan, the rate of saving would have gone up to 6¾ per cent. If, as stated above, measures are taken to step up investment progressively from then on, about 11 per cent. of the national income will have to be devoted to investment by 1960-61 and a 20 per cent. rate of saving would be reached by 1967-68. This represents a high level of effort considering the rates of saving attained in other countries and also the fact that a programme of investment of this order will necessitate directing into investment as much as 50 per cent. of the additional income realised each year after 1955-56. Once savings reach this target, capital formation will continue to increase in absolute terms, but as a proportion of national income it need not be raised further. Trebling of resources available for investment in a period of about 12 years from 1955-56 to 1967-68 and

maintaining the annual rate of investment for ten years thereafter at the high level of 20 per cent. of national income involves effort which will necessitate a great deal of hard work and austerity.

The calculations given above are illustrative and are intended to indicate only broadly the implications in terms of effort and return of a process of development extending to almost a generation. To a great extent the actual results attained will depend upon the efficiency with which resources are organised. In a country with large unutilised manpower at its command, a fair proportion of the investment required has to come from the beginning from this source. In the digging of canals, repair and renovation of tanks, construction of roads, bridges and bunds, in rural housing, in improvement of sanitation, in the imparting of elementary education and technical training and in several other activities, there is scope for participation by all sections of the population. The more rapidly is such direct investment organised and deficiencies in the supply of foodgrains and other consumption goods as also of construction materials, like cement, bricks and timber removed, the greater is the possibility of reaching the target of doubling *per capita* incomes earlier. Similarly, if the growth of population were checked, this might also have a favourable effect on the rate of increase in national income.

In view of all these considerations the rate of development indicated in the graph should be regarded as the minimum that the community will have to aim at over the next few quinquenniums. With planned conservation and utilisation of resources, it should be possible to exceed this rate so as to double *per capita* incomes in twenty years or so.

Improvement in Techniques and Productivity

The increase in production following from a given investment depends obviously upon the efficiency of the techniques used. For, given the amount of resources available, the key to larger production is productivity per unit of resources used. A steady improvement in productive techniques is, therefore, a vital element in development. The rapid advances in science and technology in the last few decades have opened out new possibilities in the direction of abolition of want and the provision of social security. To make full use of these possibilities, experimentation and research in the field of productive techniques and organisation, and widespread application of the results of such research are necessary. There is, in India, very large scope for improvement in this respect. In certain spheres of economic activity, such as agriculture, for instance, a large increase in output can be secured through improvement of agricultural practices and the use of

better seed, fertiliser, etc. If the productivity of the various types of resources which contribute to production can be rapidly stepped up, this would have corresponding results by way of increase in national income.

Employment in relation to development

A substantial increase in the volume of employment in the economy as early as possible is a major consideration in planning in India. The problem has two aspects. Firstly, in the construction stage idle labour has to be used to the maximum extent. Here, it is not so much a question of providing employment at existing or higher real wages but rather one of effectively mobilising all the available resources at minimum social cost. Secondly, measures have to be adopted for increasing the productivity of labour all-round so that larger employment can be provided at rising levels of real income. This latter depends to a great extent on capital accumulation and on improvements in techniques to which reference has been made above. In the initial stages of development, newly mobilised labour will not be able to contribute significantly to total output. The accent of policy must, therefore, be on keeping the increase in money incomes as low as possible. A programme of full employment at rising real wages can get into swing only as capital formation in the country goes up. The Five Year Plan envisages progress in this direction through expansion of irrigation, power, basic industries, transport and other services. But aggregate investment will have to be stepped up continually in the succeeding periods if employment opportunities in the economy are to expand rapidly. The elimination of unemployment in an under-developed economy is by its nature a somewhat long-term problem. It can be solved only through steady and persistent effort. Expansion of employment opportunities is, in the last analysis, a function of the rate at which national output is being raised, and it is for this reason that a Plan of development for a particular period has to be viewed as part of a bigger programme on an accelerated rate. Unemployment is, however, an immediate problem. It has to be approached from a broad social point of view. The rate at which equipment in established industries, especially those which employ large numbers, is allowed to be competed out and discarded must be adjusted so as to safeguard against excessive unemployment in the process of technological change. It is also necessary that in determining the distribution of capital in new lines, their capacity to absorb labour should be given special attention, and the need to increase employment opportunities in the short run as well as the larger pattern of development necessary for an expanding economy kept constantly in view.

A co-ordinated approach

The essence of planning is a co-ordinated approach to economic and social problems. The problem is not merely one of developing resources in a narrow technical sense but of improving the quality of human life and of building up an institutional framework adequate to the wider ends in view. Carrying through such a process calls for a high degree of purposive endeavour on the part of all sections of the community.

II. OBJECTIVES, TECHNIQUES AND PRIORITIES IN PLANNING

STRUCTURAL FEATURES OF THE INDIAN ECONOMY

In the last four or five decades, there has been considerable industrial development in India accompanied by urbanisation and expansion of commerce. Indian enterprise has made considerable headway in the fields of modern business, industry and finance. New economic and social relations have emerged, giving rise in turn to a desire for more rapid advance. But the development that has taken place is partial and limited when judged in terms of the country's needs and potentialities. Agricultural techniques have advanced but little and productivity in this sector is exceedingly low. Old cottage and small-scale industries have been decaying and there is chronic underemployment in the rural areas. Since the thirties and especially during the last decade, there has been industrial expansion on a significant scale. Transport and modern means of communication have developed extensively. At the same time, population has been growing rapidly. In terms of *per capita* incomes and employment opportunities, there has been over the last few decades hardly any significant improvement, while inequalities of income and wealth have, to some extent, been accentuated. What is needed now is a transformation of the economic system so as to secure greater efficiency in production as well as equality and justice.

Direction and pace of change

Maximum production, full employment, the attainment of economic equality and social justice which constitute the accepted objectives of planning under present-day conditions are not really so many different ideas but a series of related aims which the country must work for. It would be unrealistic to imagine that rapid and spectacular progress in all these directions can be made in the initial period of planning. Within a limited period, there is a measure of conflict between one objective and another and it is necessary to proceed in terms of carefully defined priorities. For instance, fuller utilisation of the idle manpower in the country must necessarily be the major objective of policy, but this has to be done without creating serious inflationary pressures. Similarly, in determining the appropriate scale of capital formation, there is need for balancing the claims of the immediate future against the benefits of a somewhat more distant future, for the larger the measure of austerity which can be accepted in the immediate future, the greater is the rise in

living standards at a later stage. The same is true in regard to the pace at which reduction of economic inequalities can be undertaken. The long run social and economic benefits of such reduction are not open to question but it is important to ensure that the measures, fiscal and other, to be adopted for promoting economic inequality do not dislocate production and jeopardise the prospects of ordered growth.

There are risks in going too far or too fast in these matters, but the risks of not moving fast enough are no less serious. The greater the capacity of the community to hold together under the stress of major structural changes, the more rapid is the pace at which such changes in the economy can be made.

The role of the State in economic development

In promoting capital formation on the required scale, in facilitating and in encouraging the introduction of new techniques, and in the overall re-alignment of the productive forces and class relationships within society, the State will have to play a crucial role. This need not involve complete nationalisation of the means of production or elimination of private agencies in agriculture or business and industry. It does, however, mean a progressive widening of the public sector and a re-orientation of the private sector to the needs of a planned economy.

The public and private sectors

Already the public sector has been playing a significant part in the provision of basic services essential for organised industries and, to some extent, in industrial development itself. Private enterprise functions largely within the conditions created by the State. Completely unregulated and free private enterprise exists hardly anywhere in the world. The concept of private enterprise, as indeed of private property, is undergoing rapid change, and the view that private enterprise can function only on the basis of unregulated profits is already an anachronism. The process of re-orientation should and is certain to continue and gather speed, and the problem is to see that the transition is smooth and orderly. In a planned economy, the distinction between the public and the private sector is one of relative emphasis. The two sectors are and must function as parts of a single organism.

In the sphere of agriculture, economic activity centres round the individual assisted in the main by members of the family. But, whether we regard agriculture—and associated industries—as falling within the private sector or the public sector, the fact is that the desired development in this field cannot be secured without a great deal of initiative and active assistance on the part of the State.

Not only must the State assume the responsibility for providing basic services like irrigation, power, roads and communications; it must also undertake direct promotional work by providing finance, marketing, technical advice and other assistance through appropriate agencies.

In the industrial field, the essentials of Government policy have been set forth in the Industrial Policy Statement of 1948. The Industries (Development and Regulation) Act 1951 provides the framework for implementation of the policy thus defined. Private enterprise operating in terms of legitimate profit and the efficient use of available resources has a part to play in development in this field as in others, but there is no doubt that in a planned economy the private sector has to accept certain obligations towards the worker, the investor and the consumer and to maintain a high standard of integrity and efficiency.

The re-orientation of the economy in terms of the objectives of the Plan involves a rapid extension of the co-operative form of organisation. The possibilities of co-operation in the vast fields of primary production, of cottage and small scale industries, of marketing of agricultural produce, of residential housing, of wholesale and retail trade are immense. The encouragement of co-operative enterprise in all these fields has to be given the highest priority.

Institutional changes

The institutional changes to be initiated in the period of the Five Year Plan have to be framed with two objectives in view: first, to progress as far as possible towards social objectives defined in the Plan, and, second, to remove deficiencies in organisation which will make possible faster progress in the future.

Major changes are necessary in the ownership and management of land in order that agricultural producers have the necessary incentive to put forth their best effort. With the abolition of zamindari, large areas of the country have emerged from forms of feudal organisation. Systems of tenure of a similar type in other areas have to be changed rapidly. A fair measure of progress has been made in protecting the cultivator against intermediaries in land as well as money-lenders and traders but a great deal has still to be done by way of making available to him productive credit and other facilities such as supply of seeds and manures. The question of ownership of land in a predominantly agricultural country has wide social import. Later in this Report, detailed recommendations have been made indicating the policy to be followed in the matter of agrarian reforms.

In some of the industrially advanced countries, profits from trade and commerce played a large part in building up funds for development. This was due to certain special historical circumstances which do not exist in India at the present time. Capital formation through accumulation of large profits in the hands of private agencies is also not consistent with our other objectives. In fact, in view of the urgent need for investment in basic development, diversion of resources on any large scale to trade must, in an under developed economy, be regarded as a misdirection of resources. The distributive system needs special attention under planning. There is a tendency in under-developed economies for capital to flow into trade in preference to production. Investment in speculative trade gives better returns than in almost any other sector. A control of the distributive system is capable of strengthening the public sector at strategic points. State trading at the wholesale level in respect of selected commodities is a potent instrument of planning. Through it the surpluses arising in distributive trades could be diverted to Government, and prices and cost of living controlled more effectively. Certain administrative problems arise in this connection but the direction in which we have to move is clear and the beginning has to be made during the period of the Plan. Before decisions can be taken, it would be useful to have a Census of Distribution designed to throw light on certain crucial aspects relating to finance and organisation of trade in a few selected commodities.

The objective of developmental planning is to set up a persistent upward trend in production and in economic activity in general. Over a period, this will necessitate expansion of the money supply in response to the increased volume of transactions in the economy. This must come about through extension of credit institutions to cater to the needs of agriculture and of industry, especially of cottage and small scale industries. Through such institutions, it will be possible to secure larger savings from current incomes and to encourage a productive use of them in place of mere hoarding. Judicious creation of credit at certain points in the system has also a part to play in sustaining the tempo of development.

The fact that the central bank of the country is a nationalised institution is a great advantage from the point of view of planning. The Reserve Bank has wide powers for regulation and supervision of the credit policy of banks, and the close understanding between it and the management of private banks will be of great value from the point of view of adjusting the banking system to the needs of a planned economy. We envisage for the Reserve Bank a direct and active role in creating or helping to create the machinery

needed for financing developmental activities all over the country and in ensuring that the finance available flows in the directions intended.

Banking development through the normal incentive of private profit may be a slow process and exclusive reliance on it may delay the necessary extension of credit facilities to those sections of the population which are not accustomed to deposit banking. Special effort will have to be made to ensure that credit facilities become available in those lines of production which have been given high priority in the Plan. Banking as well as the whole mechanism of finance including insurance, the stock exchanges and other institutions concerned with investment will thus have to be fitted increasingly into the scheme of development.

Allocation of resources and price policy

A planned economy aims at the fullest mobilisation of available resources and their allocation so as to secure optimum results. To a great extent, this has to be done through price policy. The aim should be to maintain a structure of relative prices which will bring about an allocation of resources in conformity with the targets defined in the Plan. To secure this result, financial as well as physical controls are necessary. In the early stages a development Plan necessarily increases money incomes faster than production and this carries with it the dangers of inflation and economic instability. The instruments of monetary and credit policy have to be used to obviate these dangers.

Another powerful instrument for securing planned development is fiscal policy. At present, the resources becoming available to Government for investment are a relatively small proportion of total national income, but over a period they will have to be enlarged. An increase in aggregate investment is possible only by a postponement of increases in the standard of living and under present conditions there is clearly far more scope for cutting down consumption expenditure in the higher income groups than for a tightening of the belt in the lower income ranges. While the common man has also a part to play in financing development, the well-to-do classes have to contribute in proportion to their capacity.

Reduction of inequalities

Inequalities of income and wealth have clearly to be reduced. Although it is true that inequalities of income were a factor in promoting capital formation in the early stages of development in certain countries, there is no justification for them in a planned economy. Death duties are an important equaliser of incomes and wealth. They can over a period reduce inequalities to an extent

that only a violent upset of the system can achieve if the elimination of inequalities of income and wealth is made an immediate objective. If income tax rates are progressive and a structure of controls is maintained which would prevent excessive profits being made, the addition of death duties to the fiscal system can make a significant contribution towards reduction of inequalities.

Controls

To bring about the desired allocation of resources, to keep down prices and to ensure an exchange of goods between different sections of the community on terms of fairness, it is necessary to have a system of controls. Under certain circumstances, the accent may be on the maintenance of price ceilings. Under other conditions, it might be necessary to maintain certain minimum prices in order to ensure a reasonable return in specific lines of economic activity. Controls limit the freedom of action on the part of certain classes but, properly administered, they are an instrument for securing a balance between the claims of different sections of the community.

The pattern of priorities

The pattern of priorities to be followed during a particular plan period has to take into account the immediate needs of the economy as also the desirability of initiating certain long-term changes in the economic structure. The emphasis in the development programme as between different sectors will obviously shift as development in those taken up initially prepares the ground for development in others.

For the immediate five year period, agriculture, including irrigation, and power have topmost priority. Without a substantial increase in the production of food and of raw materials needed for industry, a higher tempo of development in the latter cannot be sustained. The economy has first to be strengthened at the base, and a sizeable surplus created in the agricultural sector and mobilised for sustaining increased employment in other sectors.

In the present five year period, the development of irrigation, power and transport will take up the bulk of the resources available to the public sector. Progress in the industrial field would, therefore, depend to a great extent on effort in the private sector. The State, however, has special responsibility for developing key industries like iron and steel, heavy chemicals, manufacture of electrical equipment and the like without which in the modern world continued development is not possible. A beginning in these directions has, therefore, to be made even at this stage.

III. ASSESSMENT OF RESOURCES

In making an assessment of resources there are, broadly speaking, three problems to be considered: (i) financing the development programme of the Central and State Governments, which constitutes the Plan as such; (ii) balancing the total investible resources likely to be available to the country in this period with the capital programme of the public and the private sectors put together; and (iii) devising of measures to enlarge to the maximum the common pool on which the public and private sectors can draw.

(i) *Resources for the development programme in the public sector*

As for resources likely to be available to the Central and State Governments for financing the Plan, it is estimated that public savings (*i.e.*, the savings the governments are able to make from out of current revenues, after meeting non-developmental expenditures, and from the operation of State enterprises like railways) will finance about Rs. 738 crores of the expenditure visualised. Private savings likely to be available to the public sector through loans, small savings, deposits and funds, and other miscellaneous channels have been estimated at Rs. 520 crores. The two sources—which together provide the normal budgetary resources of the Central and State Governments—will thus meet about Rs. 1,258 crores of the planned outlay of Rs. 2,069 crores. The following table shows a break-down of the estimates for the Plan period with corresponding figures for 1950-51 for purposes of comparison:—

	Base Year 1950-51			Plan Period 1951-56		
	Centre (including Part C States)	Parts A and B States and Kashmir	Total	Centre (including Part C States)	Part A and B States and Kashmir	Total
Public Savings from :						
(*a*) current revenues	71	51	122	160	408*	568
(*b*) railways	23	..	23	170	..	170
Private savings absorbed through :						
(*a*) loans from the public	—11	8	—3	36†	79	115
(*b*) small savings and other unfunded debt.	42	..	42	270	..	270
(*c*) deposits, funds and other miscellaneous sources (net).	..	38	38‡	90	45	135
TOTAL	125	97	222	726	532	1,258

*Includes Rs. 3 crores estimated as available from the current revenues of Kashmir for financing the State Plan.

†Represents estimated investment in government securities from out of the provident funds of industrial workers ; taking this into account provision is made in the Plan for loans and grants for industrial housing of the order of Rs. 38·5 crores.

‡Of this Rs. 16 crores was on account of State Trading through reduction in stocks. Some of the accumulation in the States is also perhaps due to delays in transfer of amounts due to the Centre.

In addition to the normal budgetary resources thus estimated at Rs. 1258 crores, credit can be taken for external assistance already received from the International Bank, the United States, Canada, Australia, New Zealand, etc., amounting to date to Rs. 156 crores. There is still left a gap of Rs. 655 crores. This gap has to be met from further external resources or, in the absence of it, by additional measures of internal taxation and borrowing and from deficit financing.

In the earlier stages of development, external assistance can be a significant factor in eliminating bottlenecks and in helping to avoid dislocations which may have far-reaching consequences. In the conditions in which the country is placed today, however, a programme with relatively modest targets cannot be made inflexibly conditional on the availability of external resources. If external assistance is not forthcoming to the extent necessary there will undoubtedly be some scope for marginal adjustments in the Plan, but a planned outlay broadly of the order of Rs. 2069 crores will still have to be kept as the target in order to lay the foundation for more rapid development in the future.

Deficit financing involves injecting additional purchasing power into the economic system; it has therefore inflationary possibilities. During the period of the Plan, India will be able to draw upon its sterling balances to the extent of Rs. 290 crores. These balances do not belong either to the Central or State Governments; they are the counterparts of the savings imposed on the community at large in the course of the last war and are held by the Reserve Bank as India's external reserves and as the backing to domestic currency. To the extent, however, that these balances are utilised in the Plan period, it will add to the total resources available in the country for consumption and for investment; if, therefore, deficit financing by the Central and State Governments adds only an equal amount to the purchasing power of the community there may not on the whole be any net inflationary pressures created. The amount of sterling releases likely to be available in this five year period, i.e., Rs. 290 crores, may thus be regarded, so far as it is possible to visualise now, as the safe upper limit to deficit financing. The position will of course have to be reviewed from time to time in the light of prevailing conditions.

The scope for deficit financing at any particular time has to be judged primarily in the light of the trends in the cost of living indices; if costs of living are high, increased purchasing power injected into the system is apt to lead to increased demands for the basic commodities of consumption and push up costs of living still further. From this point of view, it is important to stress that the scope for deficit financing is intimately bound up with the policy regarding physical

controls over essential commodities. When deficit financing raises the prices of essential commodities it becomes in effect the most inequitable form of taxation. It is therefore also of the utmost importance that, in a situation in which further deficit financing may lead to higher prices, all avenues of taxation and saving are explored to the full before incurring larger budgetary deficits in order to meet development expenditure.

Once the public sector takes on itself the responsibility for guiding economic development and initiates a large development programme of its own, it is essential that it should have the necessary command over resources for development. The importance of public savings (*i.e.*, the savings of public authorities from current revenues and from State enterprises) as a source of finance needs particular emphasis; under present conditions, taxation is the major source open for enlarging the size of public savings. From this point of view it is of some significance that India's total tax revenue amounts to only about 7 per cent. of the national income. This is to a large extent explained by the relatively narrow range of the population affected to any appreciable extent by the present structure of taxation, which in turn reflects the poverty of the large masses of the people. However, as incomes increase, the capacity to shoulder additional taxation will also tend to increase. As has been stressed earlier in the Report, it is of the essence of rapid development that, consistently with the need to raise the standards of living of the poorest sections of the community, as much as possible of the additional incomes generated should be ploughed back into the system by way of investment for still more rapid increases in output. Taxation has a large part to play in this process. Apart from new forms of taxation and raising of existing rates of taxation, there is also the vital question of administrative arrangements for ensuring that those liable to tax even now do in fact pay. There are considerable leakages on this account. The problem here is primarily one of tightening up the administrative system.

Since April, 1951 when the Plan came into operation, the Central Government has taken a number of measures to raise its current revenues. The scope for further taxation, direct as well as indirect, will have to be constantly explored. In order to achieve the target of Rs. 532 crores to be raised by the State Governments in the period of the Plan, additional taxation is visualised also at the States' end. In all, according to present estimates, by the end of the plan period, the tax revenues of the Central and State Governments are expected to be about Rs. 70 to 80 crores higher than in 1950-51; if there are unexpected receipts on account of items like export duty the increase may be of the order of Rs. 100 crores. This estimate covers the normal increases that might be expected at the existing rates of taxation as

well as the estimated yields from a variety of measures like increases in the tax on land, higher irrigation rates, death duties, betterment levies, better administration and wider coverage of sales tax, higher taxes on luxuries, etc. It must be emphasised that all these, assuming normal conditions, will only enable the level of tax revenues to be maintained at about 7 per cent of the larger national income expected by the end of the Plan. This underlines the point that unless fiscal policy and the machinery of taxation are reorientated so as to obtain a significantly wider coverage the tendency will be not only for tax revenues to fall as a proportion of further additions to national income but to make the sharing of the burden of development outlay increasingly iniquitous.

Side by side with measures to raise the level of tax revenues, it is also necessary to improve the technique and coverage of borrowing from the public. During the period of the Plan, an amount of Rs. 385 crores has to be raised by the Centre and the States through loans, small savings, and unfunded debt (excluding treasury bills). The greater part of this is to come from small savings—about Rs. 250 crores over the five years. It has been agreed recently that proceeds from small savings collected by the States in excess of the present level of Rs. 44·5 crores will be retained by the States responsible for raising them, the amount thus retained being treated as loans from the Centre. This arrangement is designed to promote the small savings campaign more effectively by helping the State Governments to link up small savings with schemes of local development in which the people are directly interested.

The implementation of the Plan depends vitally on the Central and State Governments conforming as closely as possible to the pattern of finance outlined in the Report. Of the total estimated internal resources of Rs. 1258 crores, it will be the responsibility of the Central Government to raise Rs. 726 crores and of the States the remaining Rs. 532 crores. In the case of the Centre, this would involve, among other things, maintaining a revenue surplus of the order of Rs. 26 crores per annum in the remaining years of the Plan. In the case of the States, it is estimated that additional revenue of about Rs. 232 crores will have to be raised over the five years. It must be emphasised that the measures contemplated for raising additional resources are an integral part of the development programme.

Over the period of the Plan there will be financial assistance flowing from the Centre to the States under a variety of heads. Apart from grants-in-aid of a statutory nature the States will receive assistance in the form of loans for river valley schemes, minor irrigation, rehabilitation of displaced persons, community projects, cottage and small-scale industries, and other schemes of development included in

the Plan, as well as grants from the Central Road Fund for construction of roads, grants for relief of displaced persons, grants for raising food production, etc. For operational reasons, many of the schemes of development for which the assistance mentioned above will be given are included in the Plan as part of the development schemes of the Central Government, and so the estimated assistance for the State Plans as such (excluding plans of Part 'C' States) works out to only about Rs. 193 crores. But this is only a matter of presentation, and the share of the States in the development programme of the public sector, as well as the magnitude of the transfers which will be necessary from the Centre to the States, are both very much larger than would appear at first sight.

From a preliminary review of the working of the State Plans in 1951-52 and the budgets of the State Governments for 1952-53, it would appear that the task of organising finances to the pattern required for implementing the Plan has, by and large, yet to begin at the State end. The revenues of State Governments have been rising over the last two years, but expenditures outside the State Plans have been more than absorbing these increases. It would appear that there has also been a tendency for schemes outside the Plan to be taken up in addition to those already in it. It is probable that, in the case of certain States, the need to bring up the level of administration, as well as the increased demands that have been made on the administrative machinery even for preparing the foundation for development planning, will require some expansion in 'non-developmental' expenditure. It is proposed that a re-appraisal of State finances, as well as a review of the development schemes of the State Governments, be taken up as soon as possible after the publication of this Report, taking into account also the recommendations of the Finance Commission. It must be emphasised, however, that the capacity of the Centre to give additional assistance to the States is limited; there is a short fall in resources at the Centre even for the commitments which it would have to undertake under the Plan as now visualised. The pressure on resources at the Centre would, in fact, make it necessary to re-adjust the whole scheme of Central assistance, as now worked out, in the light of the recommendations of the Finance Commission.

(ii) *Over-all resources for the public and the private sectors*

The development expenditure in the Plan referred to as such in this Report relates to the programme of the Central and State Governments. In assessing the resources likely to be available for this purpose, however, account has also to be taken of the development requirements of the private sector and the resources which

would be needed for the same. There is, in other words, a single pool of investible resources on which both the private and the public sector have to draw, and the problem is not merely to find resources for the public sector but to enlarge progressively the size of the common pool and to see that the total thus available is allocated between the two sectors in terms of agreed priorities.

The data available in India for an over-all assessment of resources, taking into account the output and the consumption requirements of the different sectors, are altogether inadequate. Some rough estimates have however, been made in the Report. According to these estimates, India's national income in 1950-51 was about Rs. 9,000 crores and about 95 per cent of it was required for meeting the consumption requirements of the community; thus only about Rs. 450 crores were available for capital formation. As a result of the development visualised in the Plan the national income is expected to go up to about Rs. 10,000 crores by 1955-56, and in the process, the capacity of the country to divert larger amounts to capital formation will also increase. It is true that over half of the increase in national income will be absorbed by the needs of the increase in population meanwhile; whatever additions are made to capital formation will therefore reduce still further the amount left over from the increase in the national product for raising standards of living. The need for raising capital formation is however urgent, and it is visualised that capital formation from out of domestic resources should be raised from the level of Rs. 450 crores in 1950-51 to Rs. 675 crores by 1955-56. This target of a 50 per cent. increase in the rate of capital formation is not an excessively high target in view of the considerations set out earlier in this Report.

If national income increases by Rs. 1,000 crores, and the resources diverted to capital formation are stepped up as visualised, about Rs. 2700-2800 crores of capital expenditure can be met from domestic resources in this five-year period. The releases from India's sterling balances, already referred to, will add another Rs. 290 crores to the resources available in this period. India has also received external assistance to date of the order of Rs. 156 crores. The total resources that can thus be counted upon work out to about Rs. 3,150-3,250 crores.

The capital expenditure visualised in the development programme of the public sector would amount to about Rs. 1600-1700 crores, the rest of the expenditure (*i.e.*, around Rs. 400 crores) being mainly expenditures of a recurring nature on agricultural extension services, health, education, community projects, etc. It will be seen from this that the capital expenditure visualised in the public sector will absorb around 50 per cent. of the total investible resources

available to the country in this period. Normally, even half of the investible resources of a country being channelled through the public sector would be considered a high proportion. But this is inevitable in India at this stage considering the urgent needs for investment in spheres like irrigation, power and transport which do not normally attract private agencies but which are pre-requisites to the further expansion of the economy. It must also be noted that the State is not as it were drawing from a given capital fund; it is in a position through fiscal and other measures, to regulate consumption standards within limits and thus release for investment resources which might not otherwise be forthcoming.

In discussing the scope of deficit financing, it was mentioned that it was closely tied up with the availability of essential commodities. Scarcity of food, in particular, is a major factor limiting the volume of development expenditure. If development expenditures are raised further before any clear improvement is visible in regard to the supply and distribution of essential commodities, numerous pressures are likely to be set up within the economy. In particular, there will be a pressure to increase imports and there would also be a tendency to consume within the country the surpluses which would otherwise have been available for export. Both these would affect adversely the country's balance of payments position. It is therefore necessary to take into account also the overall foreign exchange aspect of the development programme.

The imports directly required for the development programme of the public sector will be relatively small—about Rs. 400 crores over the five-year period. As a result of the increased production in various lines visualised in the Plan, the country's import requirements are also likely to diminish and its exportable surpluses expand. But it has to be borne in mind that both import requirements and exportable surpluses are related to levels of consumption and of investment in the country, and the higher the targets in regard to these the greater would tend to be the pressure on foreign exchange. The foreign exchange position will also tend to vary with the terms of trade. If the terms of trade were to remain as favourable as in 1950-51, and the development programme in the public sector is restricted to about Rs. 1700 crores, the foreign exchange position in 1955-56 may be comfortable. But both these would be unrealistic assumptions to make. The target in the public sector is Rs. 2069 crores and the terms of trade (which have already deteriorated considerably) may at best be only as favourable as in 1948-49.

Taking all these factors into account, and assuming 1948-49 terms of trade, it would appear that a deficit of about Rs. 180-200

crores per annum in balance of payments is likely and even necessary in the remaining years of the Plan. About Rs. 50 crores of the balance of payments deficits could be financed each year from the sterling releases, but the ability to meet deficits in excess of this will depend to a great extent on the availability of additional external assistance. If external assistance is not forthcoming to the extent necessary, and if balance of payments difficulties should develop, it will be possible to reduce the domestic availabilities of certain commodities entering foreign trade and use the amounts thus released for balancing the country's external accounts. But this might lead to dislocations within the economy and prevent some of the targets regarding consumption from being achieved. External assistance would help to avoid these dislocations and to maintain a certain measure of stability in the economy. In the ultimate analysis, the role of external assistance in relation to the Plan will be therefore to supplement the real resources of the country with commodities for which additional demands will be generated in the process of development but the domestic supplies of which are limited.

(iii) *Mobilization of additional resources*

Broadly speaking, the problem of mobilising additional resources has two aspects, one physical and the other financial. The physical aspect of mobilisation relates primarily to the question of utilising under-employed manpower in the development programme. As has been mentioned earlier, the main obstacle in the way of a full employment programme is the shortage of basic essentials like foodgrains. In the programme of agriculture in the Plan, there is considerable emphasis on quickly maturing forms of investment; the consequent increase in food supplies is designed to remove one of the major bottlenecks to embarking on a programme of fuller utilisation of manpower resources. The Plan also visualises using finance, wherever possible, as a means of attracting and organising under-utilised manpower and other resources. The community development programme is an instance in point. There is also provision in the Plan for assistance to local authorities in respect of schemes for which local effort is forthcoming. Minor irrigation projects are another field in which mobilisation of local manpower could contribute considerably to the lowering of costs. For reducing the monetary outlay on development, the possibilities of paying part of wages and salaries in the form of savings certificates could also be explored with advantage.

While it is necessary to progress in these ways towards fuller utilisation of the large unutilised manpower resources in the country it is also necessary to strengthen the financial mechanism behind planning. An essential condition of the public sector playing an

increasingly important part in development is that there should be such organisational changes in the financial system as will enable the public authorities to have command over the necessary resources. Reference has already been made to the need for widening the coverage of taxation and improving the administrative machinery. In regard to borrowing also there is scope for improvement in techniques. In a country embarking on a long term programme of development, techniques of borrowing should be so adapted as to bring home to the people the larger purposes for which the loans are required and also to give the greatest possible scope for their direct participation in the financing and implementation of the various development programmes. The progress of the small savings movement in recent years suggests that, with suitable adaptations to the preferences of different sections of the community, and with a system of collection which will reach the farthest parts of the country, the savings of the lower income groups could become a growing source of finance for development. The system of insurance has also to be organised in India to fulfil its legitimate function in development. Apart from other measures which might be considered, the Government has, in the Post Office Insurance Fund, a medium even now for entering the field in a more active way than hitherto. Institution of provident funds—as has been done recently to cover workers in six major industries—is another method open for encouraging and mobilising savings on a large scale. Organisational changes along these lines will not only act as a powerful lever in the initial stages of development but will contribute to greater self-reliance in the further stages of this process.

IV. THE FIVE YEAR PLAN IN OUTLINE

The Five Year Plan involves an outlay on development by public authorities of Rs. 2069 crores over the period 1951—56. In determining this target of expenditure, the main considerations that have been taken into account are: (1) the need for initiating a process of development that will form the basis of the much larger effort needed in the future; (2) the total resources likely to be available to the country for the purpose of development; (3) the close relationship between the rates of development and the requirements of resources in the public and in the private sectors; (4) the necessity of completing the schemes of development initiated by the Central and State Governments prior to the commencement of the Plan; and, (5) the need to correct the maladjustments in the economy caused by the war and the partition.

Priorities and the pattern of outlay

The distribution of expenditures in the development programme of the public sector is summarised in the following table:

	(Rs. crores)	(Per cent of Total)
Agriculture and Community Development	361	17·5
Irrigation	168	8·1
Multi-purpose irrigation and power projects	266	12·9
Power	127	6·1
Transport and Communications	497	24·0
Industry	173	8·4
Social Services	340	16·4
Rehabilitation	85	4·1
Others	52	2·5
	2,069	100·0

The above distribution reflects the priorities discussed earlier. In the present Plan period, agricultural development receives the highest precedence, which necessitates an extensive programme of irrigation covering minor as well as major projects. Generation of electric power, which is linked in most cases with the major irrigation projects, has also a high priority in its own right. Production and extensive distribution of electrical energy on a large scale is essential not only for the growth of small scale enterprises and for rural development in the larger sense of the term but for industrial

expansion. In regard to transport, public authorities have a special responsibility. The railways are a nationalised enterprise which has to respond to the needs of development in both agriculture and industry. The State has further to take the initiative in linking up the whole country through a system of roads reaching down to the village, and in promoting development in new lines like shipping and aviation.

The high priority given to agriculture (which, as mentioned above, involves large scale investment in irrigation) as well as to basic services like power and transportation limits inevitably the investment which the public sector can itself undertake in industries. Industrial expansion in this five year period will rest largely on private initiative and resources, but they will be supplemented at certain points by the resources of the public sector as well as by foreign investment; programmes of the public and the private sectors together will not therefore be inconsiderable. In the sphere of social services, the needs are so large that what can be achieved through financial investment by public authorities is limited. The financial investment in social services has to be supplemented by direct community effort on a large scale for the liquidation of illiteracy, improvement of sanitation and hygiene, development of civic services, imparting of elementary technical training etc. The lump-sum provisions in the Plan for the community development programme and for local works are designed, among other things, to evoke such community effort.

The significance of the outlay of Rs. 2069 crores from the point of view of the additions it will make to productive equipment in the public and private sectors, and to the production potential of the community in the larger sense of the term, will perhaps be clearer from the following rough classification:

	(Rs. crores)
(1) Outlay which will add to the stock of productive capital owned by Central and State Governments.	1,199
(2) Outlay which will contribute to building up productive capital in the private sector—	
(i) Expenditure on agriculture and rural development (excluding community projects and provision for scarcity affected areas).	244
(ii) Loans for transport and industry	47
(iii) Provision for stimulating local development (community projects and local works).	105
(3) Outlay on social capital	425
(4) Outlay unclassified above (including provision for scarcity affected areas)	49
	2,069

It will be seen that nearly 60 per cent. of the planned outlay will result directly in the creation of productive capital in the ownership of the Central and State Governments; this will be mainly under irrigation and power, transport and communications, and industry. The remaining 40 per cent. will partly add to productive equipment in the private sector, partly provide assistance in the form of working capital or of advisory and administrative services, partly help to maintain and expand social services, and partly act as an incentive for community effort in development.

Distribution and phasing of expenditure

The distribution of the total outlay as between the Central and the State Governments is summarised below:—

	(Rs. crores)
Central Government (including railways)	1,241
States : Part A	610
Part B	173
Part C	32
Jammu and Kashmir	13
	2,069

According to the above classification, the outlay of the Central Government (including the railways) works out to almost 60 per cent. of the total. It must be emphasised that this distribution of outlay is not an indication of the schemes which fall within the respective spheres of the Centre and the States. The 'central' multi-purpose river valley schemes, (i.e., the Damodar Valley, Bhakra-Nangal, Hirakud, and Harike projects) are really the schemes of the State Governments, but in view of the fact that the territorial coverage of these projects extend in some cases over two or three States, the exact distribution of the financial liability as between them cannot be foreseen at this stage. The responsibility of finding the necessary finance for these schemes in the form of loans to State Governments also rests initially on the Centre. In regard to certain other schemes, the sharing of the financial responsibility has yet to be finally determined. For these and similar reasons, the provisions in the Plan for community projects, minor irrigation and other local works, the five new major irrigation and power projects, scarcity affected areas, rehabilitation of displaced persons, basic and social education, industrial housing, etc., are shown as part of the Central Government's development programme, though they belong primarily to the States.

It is in the light of these observations that the distribution of the total planned outlay as between the Centre and the States, and the allocation of this outlay as between the major development heads, has to be seen. The following table summarises the outlay of the Centre and of the States (excluding Jammu and Kashmir) under various heads:

(Rs. crores)

	Centre	Part 'A'	Part 'B'	Part 'C'
Agriculture and Community Development	186·3	127·3	37·6	8·7
Irrigation & Power	265·9	206·1	81·5	3·5
Transport and Communications	409·5	56·5	17·4	8·8
Industry	146·7	17·9	7·1	0·5
Social Services including rehabilitation	191·4	192·3	28·9	10·4
Miscellaneous	40·7	10·0	0·7	..
	1240·5	610·1	173·2	31·9

The outlay proposed in the development programmes of States other than Jammu and Kashmir is shown below:

State Plans

(Rs. crores)

Part 'A' States		Part 'B' States		Part 'C' States	
Assam	17·49	Hyderabad	41·55	Ajmer	1·57
Bihar	57·29	Madhya Bharat	22·42	Bhopal	3·90
Bombay	146·44	Mysore	36·60	Bilaspur	0·57
Madhya Pradesh	43·08	Pepsu	8·14	Coorg	0·73
Madras	140·84	Rajasthan	16·82	Delhi	7·48
Orissa	17·84	Saurashtra	20·41	Himachal Pradesh	4·55
Punjab	20·21	Travancore-Cochin	27·32	Kutch	3·05
Uttar Pradesh	97·83			Manipur	1·55
W. Bengal	69·10			Tripura	2·07
				Vindhya Pradesh	6·39
TOTAL	610·12	TOTAL	173·26	TOTAL	31·86

These State Plans were drawn up initially over a year ago in consultation with the State Governments concerned and on the basis of forecasts supplied by them regarding their likely revenues and

expenditures in the period of the Plan. In cases where the State Governments made proposals subsequently to raise the size of their State Plans, the upward revisions have been accepted provisionally subject to the resources corresponding to them being raised by the governments concerned.

The table below shows the financial basis of the Plan:

(Rs. crores)

	Central Govern-ment	States (including Jammu & Kashmir)	Total
Planned outlay on development	1241	828	2069
Budgetary Resources :			
i. Savings from current revenues . . .	330	408	738
ii. Capital receipts (excluding withdrawals from reserves).	396	124	520
iii. Internal inter-governmental transfers in connection with the Plan (*i.e.* "Central assistance").	—229*	229*	..
	497	761	1258
External Resources already received	156	..	156
TOTAL .	653	761	1414

*Includes Rs. 4 crores by way of statutory grants for scheduled tribes which will be available for part of the development expenditure on scheduled tribes in the Assam State Plan.

As brought out in the assessment of financial resources for the Plan, the balance of Rs. 655 crores, necessary for the public development programme will have to be found from further external resources that may be forthcoming or from internal taxation and borrowing as far as possible and by deficit-financing.

In the phasing of development expenditures originally proposed by many of the States there was on the whole a somewhat excessive concentration of outlay in the first two years of the Plan. This was in some cases inevitable in that it only reflected the rising tempo of expenditures towards the culminating stages of certain schemes already under implementation. The actual progress of expenditure (as indicated by the revised budgets for 1951-52 and the budget estimates for 1952-53) show that the concentration of expenditure in the first two years originally proposed has already been corrected to a great extent. It is, however, clear that, in 1953-54, expenditures on a number of schemes under implementation will reach their peak levels and that there would be in consequence a heavy pressure on

resources both at the Centre and at the States. New schemes which can be postponed without detriment should not therefore be taken up in this year. In so far as can be foreseen at this stage, there will be scope for starting work on new schemes, which involves large expenditures once they are undertaken, only towards 1954-55 and in 1955-56.

In appraising the results of the Plan, the development programme in the public sector cannot be taken by itself. This programme is based on an appraisal of the needs of the economy as a whole and is related to an assessment of the effort that is likely to be forthcoming from the private sector. In the case of agriculture, where the problem is primarily one of providing irrigation, fertilizers and manures, better seeds, as well as extension services which will carry to the farmer the know-how of technical improvements, the supplemental investment required would to a great extent be in the form of direct contributions of labour by the farmers themselves. In the sphere of industrial development, we have taken into account the working plans of 40 larger and medium scale industries which cover about two-thirds of the total output of factory enterprise in the country. Approximate estimates regarding the likely requirements of manufacturing industries and of the likely sources of finance are shown elsewhere in this Report.

The results of the Plan can thus be viewed within a wider setting as far as agriculture and manufacturing industry are concerned. In other spheres of development, particularly in respect of professions and services and small-scale enterprises in transport and industry, only broad judgments can be made at this stage. The contribution that community effort may make for extension of education, sanitation, communications, etc. cannot also be assessed in advance in precise terms. In the paragraphs that follow are outlined the salient features of the development programmes in the public and private sectors; their results in terms of certain select targets* and indices are shown in the statement below:

	1950-51	1955-56
I. Agriculture		
Foodgrains† (million tons)	52·7	61·6
Cotton (lakh bales)	29·7	42·2
Jute (lakh bales)	33·0	53·9
Sugarcane (million tons)	5·6	6·3
Oilseeds (million tons)	5·1	5·5
II. Irrigation and Power		
Irrigation (million acres)	50·0	69·7
Electrical energy (installed capacity in million Kws.)	2·3	3·5

*Targets for Industry include both private as well as public sector.

†Including gram and pulses. Output in 1949-50 (used as the base for fixing the target for 1955-56) was 54·0 million tons.

	1950-51	1955-56
III. Industry		
Iron and Steel (lakh tons):		
Pig iron available for foundries	3·5	6·6
Finished Steel	9·8	13·7
Cement (lakh tons)	26·9	48·0
Aluminium (thousand tons)	3·7	12·0
Fertilisers (thousand tons):		
Ammonium sulphate	46·3	450·0
Superphosphate	55·1	180·0
Locomotives (Nos.)	..	150·0
Machine tools (Nos. in thousand)	1·1	4·6
Petroleum refining : liquid petroleum (million gallon)	n.a.	403·0
Bitumen (thousand tons)	n.a.	37·5
Cotton manufacture Yarn (Million lbs.)	1179	1640
Mill cloth (million yards)	3718	4700
Handloom (million yards)	810	1700
Jute manufactures (thousand tons)	892	1200
Agricultural machinery—		
(*a*) Pumps, powerdriven (thousands)	34·3	85·0
(*b*) Diesel engines (thousands)	5·5	50·0
Bicycles (thousands)	101·0	530·0
Power alcohol (million gallons)	4·7	18·0
IV. Transport		
Shipping (tonnage)—		
Coastal (GRT thousands)	211·0	315·0
Overseas (GRT thousands)	173·5	283·0
Roads —		
National Highways (thousand miles)	11·9	12·5
State Roads (thousand miles)	17·6	20·6
*V. Education**		
Pupils in		
Primary schools (lakhs)	151·1	187·9
Junior Basic schools (lakhs)	29·0	52·8
Secondary schools (lakhs)	43·9	57·8
Industrial schools (thousands)	14·8	21·8
Other technical and vocational training schools (thousands).	26·7	43·6
VI. Health		
Hospitals (beds in thousands)	106·5	117·2
Dispensaries (number)—		
Urban	1,358	1,615
Rural	5,229	5,840

*These estimates do not cover (except in respect of industrial schools) Hyderabad, Rajasthan, Ajmer and Vindhya Pradesh. In some cases, data for a few States (e.g., Uttar Pradesh in respect of primary schools, Madhya Pradesh in the case of junior basic and secondary schools) are also not covered in these estimates.

VII. Developmental institutions

Panchayats (thousands)	55·1	69·1
Co-operative societies*—		
Credit (thousands)	87·8	112·5
Sale and marketing (thousands)	14·7	20·7
Multipurpose (thousands)	31·5	40·5
Lift irrigation (Nos.)	192·0	514·0
Co-operative farming (Nos.)	352·0	975·0
Others (thousands)	27·3	35·8
TOTAL (thousands)	161·9	211·1

*The estimates here exclude data for Punjab, Orissa, Hyderabad, Pepsu and most of the Part C States.

Assessment of the Plan in terms of income and employment

A programme of development will, in the last analysis, be judged in terms of the improvement it is able to make to the welfare of the community. The usual indices of welfare are the levels of income, consumption and employment. With the available data only a broad assessment of the Plan in these terms is possible. There are large gaps in the information available even on the existing position. National income statistics are still in their infancy. Little is known about the distribution of income and wealth in the country. Apart from a general picture derived from the Census returns, the data available on the occupational pattern are meagre. We do not also have sufficient knowledge of the relationships between the different sectors of the economy and how they interact on each other. In a period of development, the changes in all these are likely to be of great significance.

The national income of India in 1950-51 has been roughly estimated at Rs. 9,000 crores. As a result of the increases in production expected to materialise by the end of the Plan, the national income (at constant prices) is expected to go up to Rs. 10,000 crores, that is, by 11 per cent. The benefits of the investment outlays undertaken during the period of the Plan will not be fully realised in this period. For instance, a considerable part of the additional irrigation and power facilities on account of schemes included in the Plan will come only in the following quinquennium, though the greater part of the investment necessary will have taken place in the present Plan period.

To the extent that the community development projects, and the other schemes in the Plan designed to stimulate local initiative and resources, succeed in evoking community effort on a large scale, the increase in national income can be expected to be larger. In specific areas, direct application of manpower and other resources and concentrated efforts for increasing productivity could raise incomes

by 25 per cent. or more. The scale on which such effort can be organised will determine to a considerable degree, particularly in the countryside, the rate of development that will be achieved and the contribution it makes to the welfare of the community at large.

Out of the annual rate of increase of about 2 per cent. in national income, about one-fifth will have to be, so to say, ploughed back into investment year after year in order to sustain the development programme at the rate visualised in the Plan. The aggregate consumption expenditure will therefore rise at a somewhat lower rate than the national income. Although the Plan will meet in this period only the most urgent needs of the people, for instance in the matter of food and clothing, it will have made a substantial addition to the production potential of the country.

In judging the likely effects of the Plan on employment, it is necessary to bear in mind that the problem in India is more one of underemployment rather than of unemployment as such. Underemployment is another facet of low productivity, which in turn is due to shortage of capital equipment and technical skill. The problem of removing underemployment and of opening up employment opportunities for all at rising levels of real income is, therefore, in a sense, synonymous with the problem of development itself. The contribution that the Plan will make to the solution of the problem will be two-fold: firstly, in the process of stepping up the rate of investment it will create more employment for those engaged on construction activity, and, secondly, by building up capital at key points in the system, it will, at the next stage, enable a growing number of people to be absorbed into the productive system.

The Plan involves doubling the development expenditure of public authorities, from Rs. 232 crores in 1950-51 to nearly Rs. 500 crores by 1955-56; on a broad estimate about a half of this increase might be expected to be paid as so much additional wages and salaries. In the private sector, the largest investment activity is in building construction. There are no data available on the volume of building activity in the country, but certain rough estimates, based on the allocations of materials like cement and steel and the cost of building covered by them, suggest that net private investment on construction using these materials was probably of the order of Rs. 100 crores in 1950-51. Over the period of the Plan, the output of cement and steel is expected to go up by about 80 per cent. and 40 per cent. respectively. No doubt, some of these increases will be absorbed by the development outlay of public authorities, but the additions to construction activity in the private sector which the larger output of cement and steel can sustain may still be considerable.

The secondary effects of investment on employment would take more time to show, but they are likely to be more impressive. This is particularly true in the earlier stages of industrialisation. In large scale industry, the emphasis in the Plan is on producer goods industries as far as expansion of installed capacity is concerned. Producer goods industries are highly capital-intensive, and the additional direct employment which the programme of industrialisation offers in this period would be correspondingly small. In agriculture, according to the Plan, benefits of irrigation will accrue to about 19 million acres of cultivable land in this period. Where perennial irrigation is provided, opportunities will develop for double cropping and this will help to reduce seasonal unemployment. In the rest of the agricultural sector, the provision of irrigation facilities, manures and seeds will raise productivity and increase incomes. The immediate employment effect of the higher incomes is not likely to be very pronounced, but as the trend of rising incomes establishes itself, effective demand will grow in the rural sector and widen employment opportunities in small scale industries as well as in services ancillary to commodity production. As mentioned in an earlier paragraph, the Plan incorporates several measures for the protection and expansion of small scale industries. These industries at present suffer from a variety of handicaps: inefficient techniques, lack of finance, difficulties in getting the necessary raw materials, inadequate marketing organisation, insufficient co-ordination with expansion in other sectors of industry, etc. Recommendations for improving these have been made in the relevant chapters in this Report. The principle of giving direct assistance to cottage and small-scale industries and, in suitable cases, of assuring them a field of operation sheltered from excessive competition in the period of transition has also been accepted.

The problem of increasing income and employment in an underdeveloped country is, in the last analysis, tied up with the larger problem of capital accumulation. The present Plan aims at raising domestic investible surpluses from the estimated level of Rs. 450 crores in 1950-51 to about Rs. 675 crores by 1955-56. It is the same factors which prevent the rate of capital accumulation from being stepped up further that also stand in the way of more rapid increases in income and employment. Basically, the solution lies in tapping the large investment potential which lies in the unutilised manpower and other resources in the country; this is a question of organisation. Changes in the institutional framework and the organisation measures recommended in this Report have from this point of view a vital significance.

V. ADMINISTRATION AND PUBLIC CO-OPERATION

The Five Year Plan attempts to translate the goals of social and economic policy prescribed in the Constitution into a national programme based upon the assessment of needs and resources. The pace of development will depend largely upon the quality of the public administration, the efficiency with which it works and the co-operation which it evokes. The coming years will, therefore, be a period of intensive endeavour on the part of the public services of the country working in close co-operation with the people.

Leadership will be needed in every field of activity if rapid economic and social development is to be achieved through democratic means.

In the democratic State the political leadership which forms the government and the public services which carry out the administration have complementary functions, and neither can fulfil its part without the active help and trust of the other. The political executive has to assess what the public desires, what its essential needs are, and how they may be met. It has, therefore, to give special attention to the formulation of principles and policies in each field of activity and to ensure that these are followed faithfully. The main role of the public services is to implement and to administer policies approved by the Government.

In relation to national planning, the formulation of correct policy has a crucial significance. Since trained manpower is limited, it is necessary for the Government to select carefully the fields in which it will act. As the experiecnce of recent years bears out, the responsibilities of the Government are bound to increase steadily. Secondly, both the Central and State Governments have to ensure that individual economic programmes and proposals are carefully related to the requirements of the national planning and are in accord with the common national interest. During the past few years, despite considerable achievements on the part of the Central and State Governments, there has been some decline in the standards of administration. The work falling to the administration has considerably increased, the strength of experienced personnel in the public services has been depleted and key personnel everywhere work under considerable strain and pressure. There is urgent need for administrative reforms if the various Governments in the country are to be able to fulfil their responsibility and the expectations of the people. The present generation of public servants in the country and specially those in

the higher ranks have the opportunity, and upon them rests the obligation, which is both collective and individual, of helping to establish a structure of administration and a tradition of service which will be capable of fulfilling the national programme and will provide a sound basis for future advance.

There are three principal groups of problems to be considered, namely:

(i) achievement of high levels of integrity, efficiency and economy over the entire field of public administration;

(ii) reorganisation of district administration so that it can carry out successfully development programmes which are vital to the people and bear closely upon their lives; and

(iii) *enlisting the association and co-operation of the people in* formulating and implementing development programmes.

Reform of Public Administration

The principal objectives to be achieved in public administration are integrity, efficiency, economy and public co-operation. These aims are closely inter-related, and to some extent inter-dependent. Measures designed to secure any one of the objectives help to achieve others as well.

Integrity

Failure to ensure integrity in every branch of public activity tends to undermine the structure of administration and the confidence of the public in the administration. There has, therefore to be a continuous war against every species of corruption within the administration as well as in public life.

Some measures to ensure standards in public life when these are grossly abused are necessary in the interest of democratic government itself. Some machinery for this purpose should be devised in order to enquire into cases of alleged misconduct on the part of persons who hold any office, political or other. Where there is a *prima facie* case for enquiry, such an enquiry should be held in order to find out and establish facts. It may be necessary to have special legislation for this purpose under which action could be taken at the instance of the Central Government or a State Government.

The following are among the suggestions offered in the Plan for raising the standards of integrity in public administration:—

(i) The question of extending the existing legislation relating to corruption to cases in which a public servant's near relations may have been found to have become suddenly rich should be considered.

(ii) The suggestion that public servants should be required to furnish a return each year concerning not only immovable property but also moveable assets acquired by them or their near relations should be examined.

(iii) Officials who do not enjoy a reputation for honesty should not be placed in positions in which there is considerable scope for discretion.

(iv) The Central Government's special police establishment should be equipped not only to investigate offences at the Centre but also important cases in the States where local agencies need assistance or have to be supplemented.

(v) If allegations of corruption are made in the press by name against an individual public servant, after a preliminary and confidential enquiry by a senior official, the Government should determine whether the circumstances justify prosecution of the party making the allegation or whether the official concerned should be permitted or required to clear his name in a court of law.

(vi) Departmental enquiries should be carried out expeditiously. Instructions on the subject have been recently issued by the Central Government.

(vii) Those holding responsible positions, whether political or official, should so arrange their social relations that the public should always have absolute confidence in their disinterestedness and impartiality.

The measures suggested above will help to maintain the conditions under which the State can enforce a high level of integrity. The main attack on corruption must, however, be through ensuring efficiency in every branch of the administration. From this aspect the suggestions offered are:—

(i) Heads of departments should keep under constant review possibilities of corruption which current policies or procedures may provide and should lay down clear directions and principles;

(ii) Delay in the disposal of cases or applications is one of the most important sources of corruption. The reasons for delay in the transaction of business in any organisation should be examined and dealt with;

(iii) In positions in which there is greater scope for corruption special care should be exercised in the choice of officials; and

(iv) Positive measures to reward honest and good work should be devised along with others for penalising inefficiency and dishonesty.

It is necessary also to rouse public opinion to the importance of eliminating corruption and to secure the co-operation of the public in maintaining integrity in administration.

Efficiency

If the administrative machine is to be equal to its task, many changes in methods of work and organisation and an outlook of innovation will be needed. During recent years, as new responsibilities have been assumed, there has been greater concentration of work in secretariats both at the Centre and in the States, and the stage at which effective decisions are taken within any department has tended to be pushed upwards. It is important that there should be a clear line of responsibility between a secretariat and a department and that departments should be able to function effectively. It is suggested, therefore, that the Central Government as well as the States might undertake systematic reviews of the new functions accepted in recent years and consider whether some of them could not now be transferred to subordinate authorities.

With the expansion in the functions of Government, existing personnel arrangements need to be supplemented in respect of:—

(i) work in the field of economic policy and administration;

(ii) management of government industrial undertakings. The problem of finding the necessary personnel is at present under consideration; and

(iii) work connected with district development programmes, land reform and food administration. In the main these responsibilities have to be undertaken in the States.

For the first category, the problem is to ensure that the administrative services should have a sufficient number of officers with the necessary economic experience and background. With this in view, it is suggested that:

(i) individuals with high academic qualifications or special experience in the economic field should be drawn into the administrative service;

(ii) a proportion of junior officers of the administrative service should be selected at an early stage in their careers and given intensive training in the economic field, and

(iii) for senior positions, whenever necessary, individuals with special experience and knowledge from other fields such as universities, banking and finance and industry should be secured by the Government.

Training and methods

Various aspects of recruitment, training, methods of transacting business and arrangements for supervision and inspection are reviewed in the Plan and suggestions offered to bring about the necessary improvement. The Plan also refers to the importance of financial control and economy especially in view of the large public expenditure which has been envisaged. Further, a number of suggestions are offered for increasing the incentives for good work. The importance of systematic evaluation and assessment of results in all branches of public activity has also been stressed.

Personnel for development in the States

The implementation of the Plan calls for well-organised development services in the States, some of which are not at all well placed in this respect. Viewing the country as a whole, there is scarcely any field of development in the States or any level of responsibility for which a sufficient number of qualified persons are available. As programmes develop, the shortage will become even more acute. To a limited extent, the problem may be met by means of joint cadres with neighbouring States or by personnel on deputation from other States. But other steps are also necessary. It is proposed that in consultation with the States which may desire to participate the Central Government should investigate the possibility of establishing Central development cadres in important fields such as agriculture, engineering, forests and public health. Such co-operative arrangements for the establishment of joint cadres will help maintain the supply of qualified personnel for development in the States.

Administration of public enterprises

The steady expansion of the public sector is inherent in the development envisaged in the Five Year Plan. It is, therefore, important for future development that public enterprises should be efficient and well-run and should succeed. In addition to separate boards of directors for individual industrial undertakings there is need for a central board which could give detailed attention and advise the Government in respect of questions of general importance for the public sector as a whole, such as personnel for industrial management, financing and accounting problems, price policies, investment programmes etc. The early establishment of a single

central board for the consideration of such common questions of policy, management and organisation is, therefore, recommended.

ADMINISTRATION OF DISTRICT DEVELOPMENT PROGRAMMES

Until a few years ago the primary duties carried out in the district related to the maintenance of law and order and the collection of land revenue but now, in an increasing measure, district administration derives its significance from its role in developing the resources and raising the standard of living of the people of the district. It is, therefore, necessary to equip it for its present tasks. The primary emphasis has to be on the implementation of development programmes with the active support and co-operation of the people. The administrative system in the district has to be adapted to the temper of democratic government. Reorganization of district administration has to provide for—

(1) strengthening and improvement of the machinery of general administration;

(2) establishment of an appropriate agency for development at the village level which derives its authority from the village community;

(3) integration of activities of various development departments in the district and the provision of a common extension organisation;

(4) linking up, in relation to all development work, of local self-governing institutions with the administrative agencies of the State Government; and

(5) regional co-ordination and supervision of district development programmes.

Strengthening the general administration

The general administrative machinery of government continues to be the backbone of the structure of administration. Work in the district has expanded considerably and has become more complex than before. The implementation of development programmes will increase further the work and responsibility of the district officer. It is important, therefore, that he should receive adequate assistance. The following are further suggestions made for strengthening district administration:—

(1) In the permanently settled and in *jagirdari* areas the implementation of development programmes as well as of measures of land reform is impeded for want of village revenue officials on the lines of *ryotwari* and temporarily settled areas. Priority has, therefore, to be given to the building up of village revenue establishments.

(2) State Governments might review the size of their existing districts from the point of view of efficient implementation of development programmes. Where no change in the size of the district is considered necessary, the possibility of establishing more sub-divisions may be examined.

(3) The training of district officials should include periods of duty as village level workers and officers in charge of larger development units.

(4) Since a major share of the responsibility of detailed administrative work in the district falls to members of the State administrative services, their training should receive special attention.

Village agency for development

There is need in the village for an organisation representing the community as a whole which can assume responsibility and provide the leadership for developing the resources of the village. This role can be fulfilled by the village panchayat. Under the existing legislation in the States panchayats are vested with many of the functions and powers they need in order to play their part in organizing village development programmes. Panchayat legislation may be strengthened, if necessary, to enable panchayats to assume responsibility for such functions as:—

(1) framing programmes of production for the village;

(2) framing budgets of requirements for supplies and finance needed for carrying out the programmes;

(3) acting as the channel through which, increasingly, Government assistance other than assistance which is given through agencies like co-operative reaches the village;

(4) securing minimum standards of cultivation to be observed in the village with a view to increasing production;

(5) bringing waste land under cultivation;

(6) arranging for the cultivation of land not cultivated or managed by the owners;

(7) organising voluntary labour for community works;

(8) making arrangements for co-operative management of land and other resources in the village according to the terms of the prevailing land management legislation; and

(9) assisting in the implementation of land reform measures in the village.

These and other similar tasks can be carried out with enthusiasm in the measure in which a village community becomes aware of its problems and of the power of its members, through mutual aid and co-operation, to solve them.

For village development programmes there may be provision for adding a small number of persons to those elected to a panchayat by popular vote. Conditions of course vary in different parts of the country, so that the organization which will serve best at the village level has to be largely a matter of local adaptation.

Rural extension and the integration of development activities

The need for a rural extension service is now widely appreciated. Following the recommendations of the Grow More Food Enquiry Committtee, a scheme for a national extension organisation, for which the Central Government is expected to assist the States, has been recommended. Each State has to work out a pattern for its extension organisation which is suited to its own needs and conditions. The essential points to be kept in view in making detailed administrative arrangements are:—

(1) a multi-purpose village worker who will be the agent of all the development departments and will represent them to the villager for all their activities;

(2) at the level of the development block (about 100 villages), a development officer, who may be the Sub-collector or, where the sub-divisional system is not developed, other officer closely associated with the district administration; and

(3) the position of the Collector as the head of the extension movement in the district with the district officers of the development departments working with him as a team.

Role of local bodies in development programmes

The past decade has been a period of retarded development in the field of local self-government. Generally speaking, local bodies have not expanded their resources to any great extent and have found it difficult even to maintain the existing level of services. For securing local participation and co-operation in individual programmes and for strengthening the structure of democratic government, it is essen-

tial that programmes for local development should be conceived of as joint enterprises to be carried out in close co-operation by the agencies of the State Governments and the representatives of the people elected to local self-governing institutions. The general direction of policy should be to encourage local self-governing bodies and to assist them in assuming responsibility for as large a portion of the administrative and social services within their areas as may be possible. Immediately, close co-operation in the field of development between State Governments and local self-governing institutions could be established in directions such as the following:—

(1) Programmes undertaken by local bodies should be carefully integrated with State programmes.

(2) As far as may be practicable, State Governments should use the agency of local bodies for carrying out their social service programmes.

(3) Institutions run by local bodies and the services provided by them should be inspected, supervised and guided by the technical and administrative personnel of the State Government in the same way as the State Government's own institutions and services.

(4) For carrying out development programmes in any area, it is essential to associate a number of non-officials. The nucleus of non-official representation should be provided by persons elected to local bodies.

(5) Wherever sub-divisional officers exist or sub-divisions are created in the future, the establishment of sub-divisional local boards may be considered.

Members of State Legislatures and of Parliament should be closely associated in framing and working out local development programmes. They are in a position, on the one hand, to bring their knowledge of local needs and problems to bear on the formulation and examination of State and national policy and, on the other, to carry into local programmes the larger perspective and the conception of priorities against which general policies have to be worked out. This object could be achieved by appointing members of State Legislatures and of Parliament, irrespective of party affiliation, to non-official development committees which are set up in their areas.

Regional co-ordination and supervision of district programmes

For securing regional co-ordination and for supervision of district work, it is recommended that there should be an authority between the secretariat departments and the district officer which is not itself

involved in detailed administrative work. Whether such an authority is located in the region or at the headquarters of the State Government is an aspect to be considered according to local conditions.

Social service agencies and district administration

Social service agencies can make a valuable contribution to district programmes. They can, for instance, provide workers to help village panchayats and co-operative societies. Where suitable social service organisations willing to train workers and take up programmes come forward their help could be availed of in specified areas. Some financial assistance can be given to enable them to meet the expenses of training and to pay their workers. Such co-operation with social service organisations may prove valuable in developing non-official leadership, especially in the rural areas.

Public Co-operation in National Development

Public co-operation and public opinion constitute the principal force and sanction behind planning. It is vital to the success of the Plan that action by the agencies of the Government should be inspired by an understanding of the role of the people and supported by practical steps to enlist their enthusiastic participation.

Public co-operation as envisaged in the Plan transcends differences of party. What makes democratic planning real is confidence in the community that the national plan aims at achieving a social order in which economic disparities will be greatly reduced and an equal opportunity afforded to all. The interests of parties are thus relegated to the background and the common objectives of the nation regarded as a unity are the sole consideration.

A widespread understanding of the Plan is an essential stage in its fulfilment. This has to be achieved with the co-operation of the press and the assistance of creative writers and artists and through radio, film, song and drama. It will be necessary to express the Plan in terms of the common needs and problems of the people and to provide literature and information in simple language. The process of breaking up the National and State plans into local units based on district, town and village, which has been already begun, should be completed speedily. It is only in terms of local programmes that local leadership and enthusiasm can play their part. The Plan can then become a medium and a focus of constructive activity in every part of the country and can be further strengthened and developed by the effort of the people themselves. Thus, the people become partners in the Plan and are associated closely with its formulation as well as its implementation from stage to stage.

The role of the administration in seeking public co-operation has already been stressed. Those engaged in administration can make an immense contribution towards creating the conditions in which public co-operation can grow if they approach the people as comrades in the same cause with eagerness to learn and to help. There must also be the desire to take the utmost advantage of the assistance of the people and to provide for voluntary community action over as large a field as may be possible.

For each project now in progress the arrangements which exist for securing public co-operation and participation should be reviewed by the administrative authorities concerned and the people brought closer to it. For other projects in the Plan, adequate arrangements for enlisting such co-operation and association should be made from the very beginning. Careful consideration of how best public co-operation can be secured should be regarded as much a part of a scheme as the estimate of expenditure or the schedule of work or the statement of benefits which are anticipated. In almost every sphere participation of the people in framing and fulfilling programmes and targets constitute the crux of development. Indeed, the field of public co-operation is co-terminus with that of national development.

In various aspects of the Plan the importance of canalising on a voluntary basis the unused time and skill and other spare resources of the people has been stressed. In rural areas, the assistance which the Government can give should be designed primarily to supplement and make possible village development through the effort of the village community. The more local communities can undertake through their own effort, the greater will be the extent to which the Government will find it possible to aid them. For this reason, the principal object of the community projects is to rebuild village life through work done by the people to meet their common needs. The Plan provides a sum of Rs. 15 crores specifically for assisting the rural population in undertaking, mainly with their own labour, works which are required for meeting their urgent needs.

Among the important agencies of public co-operation which may be specially mentioned are:

(1) *Local self-governing authorities*—

By invoking the assistance and interest of citizens local self-governing bodies can achieve considerable civic progress;

(2) *Professional associations*—

It is incumbent upon them to lay down standards which their members should observe and also, by stages, to improve these standards. They should also be able to organise welfare programmes especially designed to enable their members to give to the community something beyond professional service;

(3) *Universities*—

The contribution of universities to national development is manifold and can be greatly enhanced through co-operative research programmes, extension departments and, above all, a determined attempt on the part of leaders in different fields of university education to raise the standards of education which have declined in recent years;

(4) *Voluntary organisations*—

Voluntary organisations engaged in social work can greatly enlarge the scope of the national plan. In particular, they may attempt to develop fields of constructive work for women, youth and teachers in schools. These three groups have a vital part to play and their potential for creative activity still remains far from realised. The Plan provides Rs. 4 crores for assistance by the Central Government for voluntary organisations and Rs. 1 crore for youth camps and labour service for students. As voluntary action develops, an increasing number of functions can be entrusted to voluntary agencies. Extension of voluntary work would not only make for economy but would also enable State personnel to give greater attention to other tasks.

Two important agencies have arisen in recent months for organising public co-operation on a nationwide basis, namely, the National Advisory Committee for Public Co-operation and the Bharat Sevak Samaj.

The National Advisory Committee, which is representative of different sections of opinion in the country, is expected to:

(1) review and assets the programmes of public co-operation in relation to national development;

(2) advise the Planning Commission from time to time regarding the progress of public co-operation in relation to the fulfilment of the National Plan;

(3) receive reports from the Central Board of the Bharat Sevak Samaj and consider such specific matters as may be referred to it for advice by the Central Board; and

(4) make suggestions and recommendations to the Central Board of the Bharat Sevak Samaj on matters of policy and on programmes relating to public co-operation.

The Bharat Sevak Samaj has been conceived as a non-political and non-official national platform for constructive work. The primary objects of the Samaj are:—

(1) to find and develop avenues of voluntary service for the citizens of India to—

(a) promote national sufficiency and build up the economic strength of the country,

(b) to promote the social well-being of the community and to mitigate the privations and hardships of its less favoured sections; and

(2) to draw out the available unused time, energy and other resources of the people and direct them into various fields of social and economic activity.

The Bharat Sevak Samaj provides a common platform for all who wish to give their share of time and energy to develop the people's own effort in relation to the National Plan and, at the same time, it is intended to assist in the development of existing voluntary organisations.

VI. PROGRAMME FOR AGRICULTURE

1. Agricultural Situation

Land use statistics are available for about 615 million acres out of a total geographical area of 811 million acres. The total cultivated area of India is about 324 million acres. Comparisons of the progress of agriculture are rendered difficult because of changes in the territorial compositions of individual States. A study of the available data for 40 years for a group of States in which changes in territory have been relatively small suggests that the cultivated area has not kept pace with the growth of population. While the net sown area does not show any appreciable increase, there is an increase of about 20 per cent. in the double-cropped area. The area irrigated by large irrigation projects increased by about 10 per cent., but that irrigated by minor irrigation works remained more or less stationary. As new minor works were being constructed, there were others which were going out of use for want of maintenance or other reasons. Despite increasing pressure on the land, little new waste area has come under cultivation, from which the conclusion would appear to be that the reclamation of any large waste areas calls for special effort beyond the capacity of the individual farmer. The available data do not indicate that there has been any decline in the fertility of the soil.

Estimates of crop production are subject to well-known limitations. For the principal crops over a substantial portion of the country, a system of crop-cutting experiments has been developed in recent years with a view to securing greater accuracy. The average production of cereals is in the neighbourhood of 44 to 45 million tons. Including imports and off-take from carry-over stocks, the average availability of cereals during 1949-50 is estimated at 13·7 ounces per adult per day. For ensuring this availability from internal production for the population in 1955-56, the production of cereals has to be raised by about 6·7 million tons. The requirements of cotton and jute amount respectively to 5·3 million bales and 7·2 million bales.

2. Approach to Agricultural Development

The facts cited above may seem to suggest that the rural economy has been largely static. In fact, over the past few decades, there have been several notable developments. Large areas which suffered from repeated failures of rainfall have received irrigation; new crops have come to occupy a significant position in the country's production and trade; the agricultural and the industrial economies in the country

now exert a powerful influence on one another; problems of rural indebtedness and the village money-lenders exercise the administration and the people much less than they did fifteen or twenty years ago; and finally, there is already in the countryside an awakening and a desire for raising standards of living. The even tenor of the agricultural economy was seriously disturbed as a result of the Partition, but much adjustment has already taken place.

The peasant's life constitutes an integrated whole and his problems interact to such an extent that he does not see them in compartments. In the same way, in approaching agricultural development, the peasant's life and problems have to be viewed together, no doubt selecting the points at which special emphasis is needed, but aiming always at a comprehensive and many-sided effort to transform the peasant's outlook and environment. The end in view is the development of the human and material resources of the rural community. This is to be achieved in the main by enabling the rural people to solve their own problems and to organise themselves for co-operative action with a view to adapting new knowledge and new resources to their needs. Thus, while co-operation offers the basis of community action, it falls to the administrative machinery of the Government and, in particular, to extension workers, to provide guidance and help to the villager.

A rigid social structure and unutilised resources have always characterised under-developed economies. To change the social pattern built round the ownership of land and to bring new resources and technology into everyday operations becomes, therefore, central to the process of development. It is the purpose of planning to bring about rapid changes in such a way that the economy moves forward in a balanced, integrated manner, keeping in view at all times the major objectives of community development, increased production and equitable distribution. Proposals are, therefore, made in the Plan for changes in the social structure which could be brought about speedily and would, at the same time, strengthen the village community, eliminate differences in status and opportunity, and build the village into an organic unit in the structure of national planning.

The Five Year Plan envisages substantial increases in agricultural production, for foodgrains as well as for commercial crops. The targets proposed in the plan are to be realised through development programmes relating to major and minor irrigation works, extension of cultivation, reclamation and intensive farming based upon the application of the results of research. Considerable stress is laid on the conservation of existing resources, in particular, in land and in forests. Diversification and expansion of the rural economy is sought through emphasis on the development of dairying and horticulture

and through the growth of village industries, whenever possible, with the aid of power and improved tools. Land resources are to be supplemented by the resources of sea and river and, therefore, the Plan provides for a new and extensive programme for the development of fisheries. As the rural economy has been largely starved of financial resources, a substantial programme for providing finance for agriculture has been proposed.

Measures envisaged in the Plan in the fields of industry, communications and social services, have considerable bearing on the growth of the rural economy, for they raise its economic potential, bring new resources into action and, above all, alter the *milieu* in which the peasant lives and works. Thus, although agricultural programmes lie at the very centre of the Five Year Plan, they have to be seen in the perspective of a larger plan that comprehends all aspects of national development.

3. The Co-operative Movement

In almost every field of development, especially in the rural economy, the Plan emphasises the role of co-operative organisations. The principle of co-operation is indeed basic to rapid social and economic development under democratic conditions. The co-operative movement in India has a membership of 12 million organised in 173,000 co-operative societies with a working capital of Rs. 233 crores. There has been rapid expansion of the movement during the past five years and an increasing variety of activities are now being handled by the co-operatives. It is important that in implementing the Plan administrative authorities should foster co-operative methods of organisation and not look upon co-operative development as being the responsibility only of the Co-operative Department. With the growing interest of the Reserve Bank and the assistance which the Bank is already giving to the movement, the prospects of co-operative development during the next few years are favourable. The Central Government has provided a sum of Rs. 50 lakhs during the period of the Plan for arranging training in co-operation and for undertaking experiments in different forms of co-operative organisations.

4. Land Policy

The future of land ownership and cultivation is perhaps the most fundamental issue of national development. The pattern of economic and social organisation will depend upon the manner in which the land problem is resolved.

It is necessary, on the one hand, to achieve agricultural targets in the Five Year Plan and on the other, the land policy should be such as will reduce disparities in wealth and income, eliminate exploitation, provide security for tenant and worker, and finally, promise equality of status, and opportunity to different sections of rural population. The achievement of these aims is an essential part of the purpose of the Five Year Plan.

In the main, land policy has to be worked out in terms of local needs and conditions, but a broad, common approach in land reform programme is necessary. It is proposed that the Central Government and the States work out the stages in which land reforms are to be carried out.

Proposals for land reform in the Plan are made with reference to the principal interests involved, namely (1) intermediaries, (2) large owners, (3) small and middle owners, (4) tenants-at-will and (5) landless workers. Intermediary rights have been abolished or are in the process of abolition in States in which they existed. Administrative arrangements for areas formerly under zamindari need special attention and, in particular, in these areas, a good system of village records should be organised.

As the information at present available concerning the ownership and cultivation of land is extremely incomplete and defective, it is proposed that during 1953 all States in India should cooperate in undertaking a special census of land holding and cultivation.

Substantial owners of land

While only a small number of substantial owners are directly engaged in managing their land without the aid of tenants, the question whether some limit should not be placed on the amount of land that an individual may hold, has to be considered from a general stand-point, rather than in relation to the amount of land that might become available for redistribution. In relation to land (as also in other sectors of the economy) individual property in excess of any form that may be proposed has to be conceived in terms of public interest, and not merely on grounds of individual rights or claims. The principle that there should be an upper limit to the amount of land which an individual may hold is, therefore, recommended for adoption.

An upper limit for land may be fixed for (1) future acquisition and (2) resumption for personal cultivation. These are both essential steps in land reform.

There are several possible criteria with reference to which an upper limit may be fixed, for instance, on the basis of land revenue, value of the gross produce of land, value of net produce or income of land, sale value or lease value. In each State the method or the combination of methods which will serve best against the background of its tenures and revenue arrangements has to be adopted. A maximum holding implies an average level of income or, in real terms, an average quantity of agricultural produce. It may be possible to indicate the limit in terms of income. Another method, which may prove useful, is to fix a limit as a multiple of a "family holding" in any given area. A family holding is defined as being equivalent, according to the local conditions and the existing conditions of technique, either to a plough-unit or to a work unit for a family of average size working with such assistance as is customary in agricultural operations. Each State has to determine a limit in the light of its own circumstances, but, broadly speaking, about three times the family holding may be considered a fair limit.

Such a limit will apply to future acquisition and to resumption for personal cultivation. The following further proposals are made in respect of land held by substantial owners. Such land is either under the cultivation of tenants or under the direct management of owners. In respect of the former, the general policy should be to enable the tenants to become owners. Tenants should receive security of tenure which could extend to the conferment of occupancy rights. Secondly, the principles for determining the price of land and payment by the tenant should be laid down. Ordinarily, the price should be a multiple of rental value and payment should be in instalments spread over a period. The Government should establish direct contact with tenants and arrange to collect land revenue from them, the price of land being recovered along with the land revenue. Payment of compensation could be made in bonds as in the case of intermediary rights.

Where land is managed directly by substantial owners, there are two broad principles:

(1) There should be an absolute limit to the amount of land which any individual may hold. This limit should be fixed by each State in the light of its own agrarian history and present problems. The census of land holding and cultivation proposed to be held during 1953 will furnish the data relevant to this decision.

(2) The cultivation and management of land held by any individual owner should conform to standards of efficiency determined by law.

Each State should enact suitable land management legislation, laying down standards of cultivation and management and imposing specific obligations, for instance, in respect of sale of surplus produce to the Government, production or sale of improved seeds, wages and conditions of living and employment for agricultural workers. The legislation might apply, in the first instance, to holdings in excess of a prescribed limit, which may be equal to or larger than the limit of personal cultivation and future acquisition.

Substantial farms under individual management may be divided into two groups, those which are so efficiently managed that their break-up would lead to a fall in production and those which do not meet this test. For the second category, the land management legislation should give to the appropriate authority the power to take over for the purpose of management the entire farm, or such portion of it as might be in excess of the limit for resumption of personal cultivation, and secondly, the right to arrange for cultivation of the land so taken over. For the cultivation of such lands, preference should be given to cooperative groups and to workers employed on lands which pass into the control of the land management authority.

The legislation may indicate a date from which the law would be enforced in respect of farms in excess of the prescribed limit. To set up the machinery for land management and to ensure effective enforcement, a period of about two or three years might be necessary.

These proposals would provide for a large measure of redistribution of land belonging to substantial owners.

Small and middle owners

Owners of land not exceeding a family holding may be described as small owners and those holding land in excess of one family holding but less than the limit for resumption for personal cultivation (which may be three times the family holding) as middle owners.

The general aim of policy should be to encourage and assist small and middle owners to develop their production and to organize themselves, as far as possible, in co-operatives.

For small farmers it is of special importance that every State should have a programme for the consolidation of holdings and, secondly, it should fix a minimum holding below which sub-division is not permitted.

Lands belonging to small and middle owners may be divided into two categories, namely, those under direct cultivation, and those leased to tenants-at-will. A further distinction may be made between those small and middle owners who cultivate themselves and those who do not. The right to resume land for personal cultivation should be given only to those owners who wish to cultivate either themselves or through members of their families. A period may be prescribed—five years for instance—during which an owner may resume for personal cultivation. Failing this, the tenant should have the right to buy the land he cultivates on terms similar to those suggested for the tenants of the larger landholders. Resumption should be permitted for personal cultivation for the number of family holdings not exceeding three which can be cultivated with the adult workers belonging to the owner's family with the assistance of agricultural labour to the extent customary among those who cultivate their own lands.

Tenants-at-will should ordinarily hold tenancies for periods varying from five to ten years and tenancies should be renewable, resumption being permitted only if the owner himself wishes to cultivate.

In fixing the rent of land the main consideration is that, having regard to the expenses of cultivation and other risks, a fair wage remains for the cultivator. Rents have been already reduced in number of States to as much as one-third or one-fourth of the produce. It is suggested that over the greater part of the country a rate of rent exceeding one-fourth or one-fifth of the produce could well be regarded as requiring special justification.

Landless workers

Schemes of land distribution confer benefits primarily on those who are already cultivating as tenants. The movement for securing gifts of land has, therefore, special value, for a gift to the landless worker gives an opportunity not otherwise easily available to him.

It will be difficult to maintain a system in which, because of accidents of birth or circumstance, certain individuals are denied the opportunity of rising in the social scale by becoming cultivators and owners of land. The problem has, therefore, to be approached in terms of institutional changes. In particular, it is necessary to work out a co-operative system of management in which the land and other resources of a village can be managed and developed so as to increase and diversify production and to provide employment to all those who are able and willing to work.

Co-operative farming

Small and uneconomic holdings are at the root of many of the difficulties in the way of agricultural development. With the growing pressure on land, their number is increasing. It is, therefore, important that small and middle farmers, in particular, should be encouraged and assisted to group themselves voluntarily into cooperative farming societies. Suggestions for promoting development on this basis are set out in the Plan.

Co-operative village management

The expansion of co-operative farming and co-operative activities generally will do much to develop the social and economic life of the village and will benefit small and middle farmers. It is, however, necessary to conceive of the scope of rural reorganisation in wider terms. The objective of family holdings with increasing emphasis on co-operative methods of organisation, which is commonly held, is a practical way of translating the principle of "land for the tiller". To fulfil this principle effectively, however, it is necessary that there should be a more comprehensive goal towards which the rural economy could be developed.

At the village level there is need for an organisation deriving its authority from the village community and charged with the main responsibility for undertaking programmes of village development. The Plan suggests how these functions may be taken over by the village panchayat. In relation to land policy the village panchayat has an important role, for there are certain problems which none but the panchayat can deal with. These relate, for instance, to the enforcement of tenancy legislation, safeguarding the interests of landless tenants, provision of minimum holdings for small owners, selection of persons to be settled on lands taken over from the larger landholders and the cultivation of village waste lands. It is suggested that the village panchayat should become the agency for land management and land reform in the village. Leasing of land to the extent permitted by law, should be done, not directly, but through the village panchayat.

Since the pressure on land is heavy and other forms of employment are undeveloped, it becomes essential to organise a system of cooperative management for the entire land of a village, which would include also activities for creating non-agricultural employment and providing social services.

The system of cooperative reorganisation which will be found most feasible in practice has to be evolved by village communities out of the practice of cooperation in various directions and according to their own needs and problems. It is suggested that land management legislation should confer on the village panchayat rights of management of village lands which are either uncultivated or are not directly cultivated by their owners. Secondly, it might provide that if, for instance, the majority of the owners and occupancy tenants in a village wish to enter into cooperative management of the land of their village, their decision should be binding on the village as a whole. To ensure confidence it may also be prescribed that those who express themselves in favour of cooperative management should, as a body, hold permanent rights in at least one-half of the land in village, no individual holding being reckoned for this purpose in excess of the limit prescribed for resumption for personal cultivation.

The primary object of cooperative village management is to ensure that the land and other resources of the village can be organised and developed from the standpoint of the village community as a whole. Questions such as rights of ownership, the basis of compensation or the rate of rent or ownership dividend to be allowed, would be determined by the prevailing laws of the State. Land management legislation would merely enable a village community to manage its entire land as if it were a single farm. The actual cultivation could be, according to what might be feasible, in family holdings, through small groups or through a combination of different methods. As techniques develop and occupations other than farming offer greater employment, an increasing number of operations could be undertaken cooperatively. There has to be a great deal of trial and experiment before the most suitable patterns of village organisation are evolved. It is important, however, to work towards a concept of cooperative village management, so that the village may become a vital, progressive and largely self-governing base of the structure of national planning and the existing social and economic disparities resulting from property, caste and status may be obliterated.

Central organisation for land reforms

The establishment by the Central Government of a land reforms organisation which will be concerned with the evaluation of land reform programmes, investigations into land problems, study of the experience of cooperative farming in different parts of the country, collection of accurate data and the maintenance of a continuous record of information concerning the progress of land reform programmes adopted by the States, is recommended in the Plan.

5. The Agricultural Worker.

In the census of 1951, out of a total rural population of 295 million, 249 million were shown as being engaged in agriculture. Of these, 18 per cent. were described as cultivating labourers and their dependents. Agricultural workers are broadly classified into two groups, namely, casual workers and attached workers, the former constituting about 89 percent of the total number.

With decline in rural industry, many artisans have become part-time labourers. The increase in fragmentation and sub-division of holdings has driven many peasant farmers to seek casual labour. Reduction in the larger farms and other developments have tended to intensify the problem. The existence of large numbers of agricultural workers who lack sustained employment and frequently suffer from social handicaps is to be regarded as a source of serious weakness and even of instability in the present agrarian system.

The Five Year Plan is basically an attempt to remove the social and economic causes which account for the present condition of agricultural workers. Programmes relating to agricultural production, land reform, reorganisation of the village on cooperative lines, development of village industries and construction of new works will undoubtedly assist agricultural workers in obtaining fuller employment. The substantial provision made in the Plan for the welfare of backward classes will also help them. The Central Government's plan sets aside a sum of Rs. 2 crores specifically for resettlement schemes for landless agricultural workers.

The Minimum Wages Act is now being implemented over the greater part of the country. In particular, State Governments are applying it to low wage pockets and to employment on the larger farms. The legislation should be extended also to areas selected for intensive development.

The following are among the measures which the Plan recommends for the welfare of agricultural workers:—

(1) Grant of occupancy rights in house sites in existing villages and in village extensions, an effort being also made, wherever possible, to provide small allotments for kitchen gardens;

(2) The movement for gifts of land should be supported through special assistance for landless workers selected for the allotment of gifted land. Gifts of land should be made a permanent feature of rural development;

(3) Labour cooperatives should be organised to the maximum extent possible and they should be the agency for the construction of local irrigation and other works;

(4) Blocks of newly reclaimed land as well as culturable waste land should be set apart, wherever possible, for the settlement on cooperative lines of groups of landless agricultural workers and of holders of small, uneconomic plots of land.

(5) Financial assistance should be afforded to cooperative groups of landless workers for such purposes as house building, purchase of bullocks and implements and for ancillary industries for which they receive training;

(6) Special assistance by way of educational stipends and for vocational and technical training should also be given, as is already being done in most of the States;

(7) Rural extension workers should be made responsible for attending to the problems of welfare and employment of agricultural workers equally with those of farmers and the obligations of the village panchayat for the welfare of agricultural workers should be specially emphasised.

6. Food Policy

A well-defined food policy is an essential condition for the successful implementation of the Plan. Foodgrains occupy a pivotal place in the price structure because if their prices rise, this leads directly to a rise in the cost of living and in production costs all around. Besides, although control of food originated because of abnormal conditions of war-time scarcity, in a planned economy it has certain positive functions, such as safeguarding the minimum consumption standards of the poorer classes, preventing excessive or ostantatious consumption by the well-to-do and facilitating the country's programme of direct utilisation of unemployed manpower for investment.

Although a system of controls has been operating in this country for a number of years, doubts have been expressed from time to time whether, on balance, this is of advantage to the country, as a whole. The lesson of experience, however, is unmistakable. The free market is not a dependable machanism when the economy is or is likely to be under pressure due either to short supplies in the country or unfavourable developments abroad. Secondly, it is not

without significance that most proposals for decontrol and the restoration of the free market visualise certain safeguards like cheap grain shops, licensing of traders, requisition of stocks etc. These forms of control were tried in early stages and it was because they proved unsatisfactory that more stringent controls involving procurement, restriction of movements, price control and rationing had to be adopted.

In regard to production of foodgrains, precise figures are not available to show to what extent production has increased in recent years, although the Grow More Food campaign has made an addition to the 'production potential' in the country through schemes of minor irrigation and land improvement. It will, however, take some time before the new trends are established. Consumption of foodgrains in different parts of the country appears to vary considerably. It is, therefore, not possible to assess directly on the basis of estimates of production and requirements the 'deficit' the country must provide for. The fact remains that the country has, on an average, imported about 3 million tons of foodgrains in recent years. The total cost of foodgrains imported since 1948 has been of the order of Rs. 750 crores.

The aim of food policy for the period of the Plan must be to increase domestic production, to secure an increase in marketable surplus, to distribute the same as equitably as possible and to eliminate by stages the need to import foodgrains. In view of the fact that the efforts to increase food production will show full results only after a time, the policy must be based on the assumption of a continuance of relative scarcity and strain, especially as the Plan envisages a high level of investment. Rationing and procurement, together with certain minimum imports must be regarded during the Plan period as the key to the maintenance of a stable system of food controls.

The trend of wholesale prices in recent years shows that as a result of decontrol in 1947, the rise in prices was as high as 30 per cent. After re-imposition of controls in 1948 a certain measure of stability was attained but this trend was somewhat upset when the Indian rupee was devalued along with several other currencies in September 1949. The Korean war boom provided a further impetus to the prices to rise but the disinflationary policy initiated soon after devaluation helped in stabilising the prices. It is, however, evident from the price trends in the last five years that the ground lost in 1947-48 was never regained. The present level of prices is causing serious hardship to the middle classes and it is necessary to safeguard their legitimate interests. The need for a disinflationary price policy therefore remains.

Secondly, even though wholesale prices have registered a decline since April 1951, this is more pronounced in the case of industrial raw materials. In the case of food articles the decline has been less and the prices of wheat and rice—the two main cereals—have fallen by only 1 per cent. and 5 per cent. respectively. This latter factor is mainly responsible for the failure of the cost of living index to come down.

A policy of price stabilisation must have in view certain ceiling as well as certain minimum prices. When the economy is subject to inflationary pressure, the emphasis must inevitably be on the maintenance of the ceiling. But if the trend of prices is persistently downward, a system of controls with well-defined procurement prices can be used—and indeed should be used—to safeguard the interests of the producers by preventing prices from falling unduly.

Food policy has also a direct bearing on the investment programme because the larger the available supplies of food and more effectively it is mobilised, the greater is the investment effort the community can put forthwith, for food constitutes the wherewithal for sustaining the labour force employed in construction and in the production of capital goods and equipment. Operation of the development programme will bring larger incomes into the countryside the effect of which will be increased demand for food. Therefore, the available food must be mobilised and distributed properly so that the increased demand does not create an inflationary pressure all over the economy.

The extent to which deficit financing can be undertaken for the development plan is also dependent to no small extent on a proper food policy. What limits the measure of deficit financing that can be undertaken is not finance as such but the danger of larger money incomes generating inflationary pressures which might affect adversely the economy as a whole. Only to the extent that these latter are controlled and the supply and distribution of foodgrains and other essential commodities at reasonable prices arranged can deficit financing for fuller employment be safely proceeded with.

In view of the above factors it is considered that the basic structure of food controls must be kept intact during the period of the Plan. Our considered view is that until the domestic production of foodgrains has been stepped up to the extent of 7·5 million tons or so as envisaged in the Plan the country cannot be considered to have an adequate and assured food supply to meet its reasonable requirements. Controls might be relaxed or their form altered after the target of additional production has been achieved and adequate transport facilities have been created to ensure the expeditious

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movement of foodgrains from one part of the country to another. To what extent such relaxation or changes could be made will depend upon the investment targets then in view.

Cities and towns above a certain size, which may vary from State to State, must be statutorily rationed and the needs of highly deficit areas like Travancore-Cochin must be similarly looked after. A system of controlled distribution through non-statutory rationing should normally be adequate for other areas. The system of procurement may be either monopoly system or levy, according to suitability under local conditions, and arrangements should be made to secure increased flow of grains from surplus States.

Food control should be executed as an all-India policy. While there is room for differences in the details of administrative arrangements in the States, the objective of policy must be to secure from each surplus State the maximum it can make available to the common pool and to organise the procurement and distribution of grains in each deficit State so as to restrict its drawings from the Central pool to the minimum necessary. The responsibility for fixing procurement and issue prices and for co-ordinating the control policy of the States must remain with the Centre. Efficient administrative arrangements for maintenance of the system of controls is essential and the existing machinery should be improved.

Finally, considering the world shortage of rice and the high price that has to be paid for its imports, a change in the food habits of the people is highly desirable. The shortfall in the country's rice production is not more than 2 or 3 per cent. of the total needs and it should not be difficult to make good this deficiency by substituting wheat—or supplementary foods—to a moderate extent in the customary diet of the people, for rice.

7. Targets of Additional Production

The targets of additional production envisaged in the Plan are as follows:—

Commodity	Quantity (in millions)	Percentage increase
Foodgrains	7·6 (tons)*	14
Cotton	1·26 (bales)	42
Jute	2·09 (bales)	63
Sugarcane	0·7 (tons)**	12
Oilseeds	0·4 (tons)	8

* The target of 7·6 million tons of foodgrains would roughly comprise about 4 million tons of rice, 2 million tons of wheat, a million tons of gram and pulses and 0.5 million tons of millets.

** In terms of Gur.

These targets have been arrived at after prolonged discussion with State Governments. They were first worked out in the summer of 1951 and a detailed reappraisement was carried out early this year. While there was no material change in the targets for commercial crops and it was found that on the investment contemplated the increase in food production over the period of the Plan was likely to be only about 6·5 million tons, as compared to the initial target of 7·2 million tons and, if allowance were made for diversion from foodgrains to commercial crops, the net increase would be about 6 million tons. The short fall in the original targets was recently examined by the Grow More Food Enquiry Committee which recommended additional programmes so as to assure the achievement of the food production target.

The production programme consists of two parts, namely,

(1) schemes of States Governments which together account for a total net food production target of 6 million tons to be achieved at a total cost of Rs. 125 crores, and

(2) supplementary schemes proposed by the Planning Commission with a view to achieving additional production of at least 1·6 million tons.

The statement on the following page gives the targets for agricultural production by States.

	Foodgrains (000 tons)	Cotton (000 bales)	Jute (000 bales)	Sugarcane (000 tons)	Oilseeds (000 tons)
Part 'A' States—					
Assam	255·9	..	225	..	..
Bihar	775·9	..	390	50	..
Bombay	376·5	275	..	87	10
Madhya Pradesh . . .	281·0	170	..	..	10
Madras	890·0	180	..	80	100
Orissa	259·6	..	200	..	4
Punjab	463·8	150	..	70	4
Uttar Pradesh . . .	983·0	40	250	400	61
West Bengal . . .	553·1	..	1000	..	

	Foodgrains (000 tons)	Cotton (000 bales)	Jute (000 bales)	Sugarcane (000 tons)	Oilseeds (000 tons)
Part 'B' States—					
Hyderabad	624·5	200	..	..	150
Madhya Bharat . . .	168·1	92	..	..	25
Mysore	97·5	8	..	..	5
Pepsu	170·5	80	..	7	1
Rajasthan	186·0	50	..	..	16
Saurashtra	82·3	6	..	..	1
Travancore-Cochin . .	131·1	..	..	..	..
Part 'C' States—					
Ajmer	12·5	..	..	..	.
Bhopal	103·8	6	..	4·6	4
Bilaspur	4·7	..	..	..	..
Coorg	3·0	..	..	..	..
Delhi	4·5	..	..	0·2	..
Himachal Pradesh . .	44·4	..	..	..	..
Kutch	5·7	1	..	..	1
Tripura	2·3	..	25	..	..
Vindhya Pradesh . .	30·4	..	..	1·2	3
TOTAL STATE SCHEMES .	6510·1	1258	2090	700	400
Supplementary Schemes . .	1600·0*				
GRAND TOTAL—GROSS TARGET (INDIAN UNION).	8110·1*				
Less on account of diversion to Commercial crops.	(—)500·0				
Net Target (Indian Union) .	7610·1	1250	2090	700	400

*Includes 0·5 million tons on account of community projects and intensive areas.

The food production targets shown in the statement include the estimated results of supplementary programmes for which provision has been made. These programmes are:—

(1) Community projects (Rs. 90 crores);

(2) Additional provision for minor irrigation works (Rs. 30 crores);

(3) Additional provision for Grow More Food during 1952-53 (Rs. 10 crores);

(4) Programme for the construction of tubewells (Rs. 6 crores); and

(5) National extension organisation (Rs. 3 crores).

Details of the supplementary programmes are to be worked out shortly in consultation with State Governments. The fertiliser programme is expected to be substantially enlarged in the later stages of the Plan. As explained later, the Plan also provides for agricultural finance on a much larger scale than has been hitherto considered possible.

The food production target of 6·5 million tons from schemes included in State plans (of which 0·5 million tons have been allowed for diversion to commercial crops) is derived as follows:—

	(million tons)
Major irrigation works	2·01
Minor irrigation works	1·78
Land reclamation and development	1·51
Manures and fertilisers	0·65
Improved seeds	0·56
	6·51

Estimates of increased production resulting from the various programmes have been made on a cautious basis. In respect of schemes for the use of improved seeds, manures and fertilisers, although a larger increase in production is possible, it is considered that until these practices have become part of the normal operations of agriculture in any area, there may be some risk of over-estimation of the possible benefits to be anticipated.

Production targets for commercial crops have been framed on the assumption that, broadly speaking, the relative prices of foodgrains and other crops will conform to the pattern prevailing when the targets were first worked out. The production of commercial crops is apt to be influenced by price changes to a much greater extent than food production. The Plan, therefore, lays stress on the need to avoid deliberate price incentives of a varying order for different crops. Excessive price stimuli in favour of some crops, either through price changes or through relaxation of controls, may frequently have the effect of jeopardising the achievement of the agricultural targets. The price policy is, therefore, a pre-eminent factor in the fulfilment of the agricultural plan.

The Plan also makes proposals and suggests rough targets of production in relation to food, vegetables, fish, milk and dairy products.

Targets of additional production indicate in a broad way the magnitude of the effort contemplated in the Plan. They are, however, no more than a starting point for the actual planning which has to be done at all levels, from the village upwards. The hazards and uncertainties of agricultural production have always to be allowed for. In each State the targets have to be (as they are in the process of being) broken up by districts and by sub-divisions of districts. Detailed agricultural planning will be possible in areas in which intensive development is undertaken, for instance, in community project areas, where special stress will be laid on the building up of a village agency for development and on strengthening the cooperative movement. As a rule, there may not be much to be gained by attempting to fix areas or proportions of individual holdings for particular crops. On the whole, it is best that each farm and each village should follow the crop plan which will enable it to utilise the available physical resources to the greatest advantage. To the extent individual farms join into co-operatives, crop planning can be developed both as a means of regulation and for securing increased production. In organising an adequate structure for agricultural planning, the first stage may be to carry the targets as far as areas in which intensive work is undertaken. After some years of intensive development and experiment it should become possible to ensure that agricultural targets in each State and for the country as a whole are related, on the one hand, to obligations which individual farms and villages accept and, on the other, to the goals of national agricultural policy.

8. Community Development and Rural Extension

Basic principles

Community Development is the method and Rural Extension the agency through which the Five-Year Plan seeks to initiate a process of transformation of the social and economic life of the villages.

For some three decades rural development work has been undertaken by different branches of the administration in the States. The peasant's life is not cut into segments in the way the Government's activities are apt to be; the approach to the villager, has, therefore, to be a co-ordinated one and has to comprehend his whole life. Such an approach has to be made through an agent common at least to the principal departments engaged in rural work, namely, the

village-level worker. There has to be a dominant purpose round which the enthusiasm of the people can be aroused and sustained, a purpose which can draw forth from the people, and those who assist them on behalf of the Government, the will to work as well as a sense of urgency.

Community development programme

The lessons drawn from the experience of rural development in the past have been brought together in the conception and concrete formulation of the community development programme which has been launched during 1952. For each community project as at present planned there will be approximately 300 villages with a total area of about 450 to 500 square miles, a cultivated area of about 150,000 acres and a population of about 200,000. The project area is conceived as being divided into 3 development blocks, each consisting of about 100 villages and a population of about 60,000 to 70,000. The development block is, in turn, divided into groups of 5 villages each, each group being the field of operation for a village level worker. The programme began in 1952 covers a population of about 15 million. The main lines of activity which will be undertaken in a community project are: agriculture and related matters; communications; education; health; supplementary employment; housing; training; social welfare.

The participation of the people is of the very essence of the programme. There will be a Project Advisory Commiteee representative of all the non-official elements within the project area, which will assist the Project Executive Officer in the planning and execution of the programme. The Bharat Sewak Samaj which is likely to be set up in project areas will assist in securing participation of the villagers in the execution of the programme. The pattern of the project as drawn up includes major items of work normally implemented through government agencies. This is bound to involve higher expenditure through elaborate administrative staff, middlemen's fees, etc. If the people are to be trained to be builders of the future, the works have to be entrusted to the people themselves through their representative agencies, the governmental organisation furnishing the technical assistance. It is intended that a qualifying scale of voluntary contribution, either in the form of money or of labour should be laid down. In respect of backward areas and areas predominantly populated by scheduled castes and scheduled tribes, the villagers will be asked to contribute by way of labour effort required for executing the works programme under various heads.

The estimated expenditure on a basic type of a rural community project, *i.e.*, a project without the provision for an urban unit, is Rs. 65 lakhs over a period of 3 years. Of this amount, about Rs. 58·47 lakhs will be rupee expenditure and Rs. 6·53 lakhs will be external expenditure. The estimated cost of a composite type of project, *i.e.*, one with an urban unit (which it is intended to provide in a few projects) is Rs. 111 lakhs.

The Community Development Programme imposes financial obligations on the Centre as well as on the State Governments. Broadly, the proportions which have been fixed are 75 per cent. for the Centre and 25 per cent. for the State in respect of non-recurring expenditure, and 50 per cent. each for Centre and States in respect of recurring expenditure. Loans for self-financing schemes will be given by the Central Government. It is expected that the expenses will be borne entirely by the State Governments after the third year.

A systematic evaluation of the methods and results of the community development programme will make a significant contribution by indicating those methods which are proving effective, and those which are not; and furnishing an insight into the impact of the community development programme upon the economy and culture of India. Such evaluation work is being undertaken by an independent unit under the Planning Commission.

National extension service

The Grow More Food Enquiry Committee has proposed the establishment of a national extension organisation for intensive rural work which could reach every farmer and assist in the co-ordinated development of rural life as a whole. The programme envisaged by the Committee is that the Central Government should assist State Governments in establishing extension organisations so as to bring their entire area under extensive development within a period of about ten years. During the period of the Plan, a total of about 120,000 villages are to be brought within the operations of the extension service, that is, nearly one-fourth of the rural population. The Central and State Governments will frame detailed programmes for reorganising the existing extension services, arranging for further recruitment and preparing training programmes. The implementation of the proposals will give a powerful momentum to all rural work and in particular, to the programme for increased agricultural production.

The training of extension workers requires the closest attention and must be related to the services that they will have to perform. They have to understand rural problems and the psychology of the farmer and offer solutions to his various difficulties. They have to try and find out the felt needs of the people and the solutions that they offer must be demonstrated by working in close co-operation with the farmers. They should be able to discover village leadership and stimulate it to action. Their success will depend on the extent to which they gain the confidence of the farmers. In order to develop the true extension approach, much might be gained if all extension workers, whether graduates or field level workers, were to start at the field level and only those who proved their worth, received promotion to higher positions.

The immediate effect of the first impact of an extension organisation is to increase the demands of the cultivator for credit, supplies and implements. The satisfaction of these demands is a necessary consequence of extension activities and they will succeed to the extent this responsibility is handled efficiently.

Finally, extension workers have to be supported effectively by research workers to whom they can bring their problems and whose results they carry to the people. Special arrangements are therefore needed to ensure the closest co-operation between extension and research.

9. Finance for Agriculture

Agricultural production suffers considerably for lack of adequate finance for seed, manure, minor irrigation and soil conservation measures. The agriculturist needs short-term, medium-term as well as long-term finance. An all-India rural credit survey now in progress at the instance of the Reserve Bank, is expected to throw considerable light on the current state and the problems of rural credit and finance, and the effects of measures taken in respect of moneylenders during the past two decades.

The Plan emphasises the need for building up institutional credit agencies such as co-operatives by recommending, among other things the administration of State assistance (*taccavi* loans etc.) as far as possible through co-operative agencies. Co-operatives are better able to mobilise local savings and to utilise assistance made available by the Government. The general aim should be to prepare programmes in the States to bring by 1955-56 a third of the population within the ambit of primary credit societies. Suggestions for achieving this objective are made in the Plan.

As proposed by the Grow More Food Enquiry Committee, by the end of the period of the Plan, a total amount of Rs. 100 crores per annum should be made available for the short-term requirements of the cultivator through the co-operative movement and loans from the Government. This involves a little more than doubling of the existing provision.

The target for the provision of medium-term finance is set as Rs. 25 crores per annum. The Reserve Bank Act is being amended to enable the Bank to provide such credit upto a limit of Rs. 5 crores. The Central Government's plan also provides Rs. 5 crores for medium-term loans. A sum of Rs. 5 crores has also been provided for long-term loans to agriculturists.

10. Agricultural Marketing

Regulated markets have been established in the States of Bombay, Madras, Madhya Pradesh and Hyderabad. It is recommended that State Governments may extend this principle to all important markets and in the management of regulated markets agricultural producers are given an effective place.

Measures to promote co-operative marketing are recommended. The success of co-operative marketing depends upon the ability of a cooperative to render efficient service to the growers. This depends, in turn, on the ability of co-operatives to provide warehousing accommodation, command financial resources, ensure honest and competent management and, wherever possible, undertake processing activities.

The general policy should be to arrange for the processing of agricultural produce through co-operatives supported by the Government in place of operation by private agencies. For this purpose co-operative undertakings will need long-term finance from State Governments and State Finance Corporations.

The technical, financial and administrative problems of marketing need continuous study. It is recommended that the Central Government should constitute an expert standing committee which could assist State Governments and co-operative organisations in drawing up marketing schemes and review the progress of co-operative marketing from time to time.

The importance of adhering to the prescribed grades and standards in respect of agricultural commodities exported from the country is stressed. The compulsory grading of commodities like wool, bristles, lac, sheep and goat skins, cashew nuts and vegetable oil seeds, is recommended.

In internal trade the grading of ghee and vegetable oil is emphasised. Steps to bring about greater uniformity in grading specifications and in pure food legislation are recommended.

The need to enforce and, wherever necessary, to introduce legislation on the lines of the Standard Weights Act, 1939, has been indicated.

11. Animal Husbandry

Nearly 10 per cent. of India's cattle are unserviceable or unproductive. To relieve the pressure on fodder resources the Plan provides for the establishment of 160 *gosadans* (cattle homes) at a cost of about Rs. 1 crore. Old and infirm cattle will be removed to cattle homes in areas where grazing facilities are more easily available.

A scheme known as the Key Village Scheme for improving the breed and productive capacity of cattle at a cost of about Rs. 3 crores has been included in the Plan. About 600 centres each consisting of about three or four villages and including about 500 milch cattle will be selected in different parts of the country. Bulls of inferior variety will be castrated and the breeding will be confined to a few specially selected bulls, and pedigree and milk production records will be maintained. The technique of artificial insemination will also be utilised in these areas. Various measures needed to increase the local fodder supplies will also be undertaken. In community project areas the cultivation of leguminous fodders such as berseem, lucerne, cow peas and field peas has to be encouraged. The need to improve pastures through rotational grazing and the cultivation of suitable grasses has also been stressed.

The number of veterinary hospitals and dispensaries is expected to increase during the period of the Plan from 2000 to 2600. The Plan also includes a Central Government scheme for the eradication of rinderpest.

For increasing the production of wool and for improving its quality three regional centres are to be established in Uttar Pradesh, Rajasthan and the Deccan Plateau.

For the development of poultry small allotments have been made in many of the State plans. Important work undertaken in the Indian Veterinary Institute for the control of poultry diseases and production of improved breeds has to be carried to village homes through systematic local programmes.

12. Dairying and Horticulture

The average yield of milk per cow in India (413 lbs.) is only a fraction of that achieved in many other countries. On account of low production the *per capita* consumption (5·5 ounces) is also very low.

The Plan recommends the establishment of a milk board in each urban area, which could be responsible for organising production mainly through cooperatives in the suburban areas, deal with problems relating to the handling of milk and milk products, and strengthening arrangements for licensing, sampling and testing of milk. It is desirable to remove milch animals from municipal areas and to locate them in neighbouring rural areas.

For increasing fruit and vegetable production, growers in the principal fruit-growing areas should be assisted to organise themselves into production and marketing cooperatives. In surplus areas fruit and vegetable preservation should be encouraged. Research and development of modern and indigenous methods of preservation should receive special attention.

Suburban belts around large towns should be developed and kitchen gardening in urban areas encouraged by supplying seeds and plants and technical advice.

The establishment of a development board for fruit and vegetables is recommended.

13. Forests

The present area under forests is estimated at 230,789 sq. miles, which is 18 per cent. of the total land area. This is low compared with other countries. The expansion of the area under regular forests represents a long term plan. Immediate attention has to be given to renovating areas which have been deforested or have not been properly managed including the 40 million acres of *zamindari* forests, which have recently vested in State Governments. Owing to mergers of the former Indian States, forest areas under the management of the Government have increased in several parts of the country and it is necessary to ensure adequate administrative arrangements. Effort has also to be directed towards afforestation to prevent soil erosion, planting of trees along the banks of canals, roads and railway tracks, and the establishment of village plantations for fuel and timber.

Along with the development of village plantations for fuel the use of soft coke has to be encouraged as a cheap form of fuel for household purposes, thus saving cow dung for use as manure.

The total availability of timber is expected to increase from 1·8 million tons to 2·0 million tons by the end of the Plan or by about 11 per cent. The demand for timber has grown rapidly on account of the growth of urban areas and the various development programmes and the present shortage of steel. It is, therefore, important that treated timber should be used to a much greater extent than before for structural purposes and for telegraph poles, etc. *Salai* and other perishable species will have to be utilised and the establishment of seasoning kilns and treatment units should receive special attention.

Besides supplying timber and fuel, forests are an important source of raw materials for the match-wood, ply-wood and paper industries, and a number of minor forest products like lac, tanning material, gums and resins, medicinal herbs etc. some of which are also important articles of export. For the expansion of the match industry the supply of timber from the Andamans is expected to increase by 45,000 tons. As regards ply-wood the Andamans are expected to supply 30,000 tons of timber and another 20,000 tons are likely to be found by either substituting timber like mango or by arranging for imports. Long term leases of the remote forest areas direct to paper mills will facilitate their development for supply of bamboos for paper manufacture.

There is scope for increasing the export of minor forest products such as lac and myrobalans if collection is organised and grading undertaken.

14. Soil Conservation

Large areas in different parts of the country have been desiccated as a result of soil erosion. Even larger areas suffer from varying degrees of erosion. A number of proposals have, therefore, been made with a view to organising appropriate soil conservation measures.

It is recommended that in each State there should be a land utilisation and soil conservation board which should prepare and carry out soil conservation plans. The necessary soil conservation legislation should also be enacted. It is suggested that each State should carry out a reconnaissance survey for the demarcation of the principal areas affected by erosion and select areas in which soil conservation work will be concentrated during the period of the Plan. In the Plan the Central Government has provided a sum of Rs. 2 crores for assisting soil conservation programmes.

At the Centre, it is proposed that an organisation for land utilisation and soil conservation should be set up. It should consist of a board under the Ministry of Food and Agriculture and a council with representatives of State soil conservation boards. The Central organisation should undertake the overall coordination of soil conservation work, including assessment of the problem of soil erosion, from time to time, examination of State programmes, organisation of research surveys and demonstration projects and assistance in securing inter-State cooperation for soil conservation programmes.

The establishment of a research unit for soil conservation in the Forest Research Institute, Dehra Dun, is recommended. A survey of soils and land use should be instituted by the Central Government. This should be organised by a central agency so as to ensure uniformity in classification and in the techniques employed. This survey should be linked to the investigations on soil fertility and manurial requirements which are being carried out through the Indian Agricultural Research Institute.

Control of erosion and soil conservation measures should receive special attention in relation to catchment areas of river valley schemes and in community project areas, especially those located in hilly and dry regions.

As a first step towards tackling the problem of the advance of the Rajasthan desert, a research station at Jodhpur and a pilot scheme for improvement of land use and creation of vegetation belts is being established. As this problem also involves inter-State cooperation, a coordinated programme of action should be jointly worked out by the various States concerned in consultation with the Central organisations.

15. Fisheries

The scope for increasing production both of fresh-water and sea fish is considerable. At present only a small proportion of this wealth is being exploited and the per capita availability of fish is as low as 3·4 oz. per annum.

For the development of inland fisheries, priority is recommended for measures relating to survey of waters, supply of fish seed or stocking culturable waters and research on artificial spawning of carp. It has been recommended that the agricultural extension organisation should be utilised for development of inland fisheries and pisciculture should form part of agricultural education in agricultural schools and colleges.

For the development of marine fisheries high priority is proposed for measures relating to

(1) supply of requisites of fishermen;

(2) the mechanisation of country craft or introduction of new mechanised boats;

(3) development of marketing;

(4) provision of ice and cold storage and transport facilities;

(5) introduction of mother-ship operations;

(6) provision for off-shore fishing with larger power vessels such as purse-seiners and trawlers; and

(7) provision of the necessary harbour facilities.

Based on these priorities the Plan provides for mechanisation of 140 country craft and introduction of 14 mechanised boats of multi-purpose type, 2 vessels for mother-ship operations, 2 purse-seiners for off-shore fishing and three trawlers for deep sea fishing in the Bay of Bengal and the Arabian Sea. Provision has been made for a dredger for harbour clearance, 9 ice factories and cold storage plants and 9 insulated road vans for storage and transport of fresh fish.

The balanced and planned development of fisheries depends upon efficient ground organisation and calls for considerable expert personnel. Arrangements for the training of fishermen in handling mechanised boats and of the personnel for the larger vessels have been proposed.

Elimination of middlemen in the industry and provision of fishing requirements through co-operatives has been recommended. Funds have been earmarked to facilitate distribution of supplies. As large scale fishing operations develop large catches will be landed at Bombay, Cochin and Calcutta ports on some days of a month and as a result conditions of glut may be created which may cause wide fluctuations in prices. Consequently the small fishermen would suffer. To safeguard their interests marketing of catch through co-operatives and establishment of fish marketing boards at these centres have been recommended.

It is anticipated that as a result of the schemes outlined above fish production will increase by about 50 per cent. from 1 million tons in 1950-51 to 1·5 million tons in 1955-56.

VII. DEVELOPMENT OF IRRIGATION AND POWER

Available Water Resources

Water supplies for irrigation can be obtained from three sources: (i) directly from the normal flow in rivers *i.e.* by diversion canals; (ii) from storage of flood-waters flowing in rivers or directly of rain water from small catchments; and (iii) from the waters available underground *i.e.* by wells or tube-wells. The extent to which supplies are available from the three sources varies in different parts of India. Speaking generally it has been calculated that approximately 6 per cent. of the water that flow annually through the rivers of India is being utilised. Though, for reasons which are obvious all the supplies in the rivers cannot be utilised there is no doubt that there are large possibilities for the development of the country's water resources, especially as improvements have taken place in the techniques of construction of high dams. In addition to irrigation storage projects offer possibilities for generation of power and also in some cases, for flood control and navigation.

Effects of partition

The irrigated area in undivided India was 72 million acres out of a total cultivated area of 298 million acres or 24 per cent. After Partition, the proportion of irrigated to cultivated area in the Indian Union has fallen to 19 per cent.—48 million acres of irrigated area out of a total cultivated area of 251 million acres. The reduction in the proportion of irrigated area weakened the food position in India. Irrigation has been practised in India for centuries and the demand for its extension in all parts of the country is insistent.

The quantum of development necessary

The food problem has been dealt with elsewhere, it is sufficient here to state that India can produce all that is needed to ensure progressively improving standards of nutrition for its increasing population:—

(i) by utilising its water resources to the fullest extent practicable: It is considered that it will be necessary to double the area under irrigation within the next 15 to 20 years if the food problem is to be solved satisfactorily;

(ii) secondly and concurrently with this, by improving the standards of agricultural practice through the application of the results of scientific research to agriculture.

Basis of the Plan

During the past few years there has been considerable activity all over India in connection with new irrigation and power projects.

Many new schemes, large and small, have been taken up for construction—some purely for irrigation, some only for hydro-electric power, and others multi-purpose in nature. Of the projects commenced and under execution some are financed wholly from loans advanced by the Central Government and others by State Governments, with the help, in regard to individual projects, of Central loans. The aim of the Plan is to secure the maximum progress possible in the execution of these projects in the period covered by it. It would not be correct, however, to say that in all these cases works were started after detailed technical investigation and careful assessment of the economic aspects. The inclusion of a project in the Plan does not, of course, dispense with the need for periodical reviews of it at certain stages. A large project usually comprises a number of distinct units or groups of connected works; and, as technical and other investigation in regard to each such group is completed, it would be necessary to review the economic and financial aspects of the project as a whole and, where necessary, to modify the scope of the project or of portions of it. After a review of the Bhakra, the Damodar and Hirakud projects, the programme of construction and the projects to be included in the Five Year Plan have been revised.

The Plan

The projects already under construction are, on the basis of sanctioned estimates, expected to cost on completion Rs. 765 crores. On these an expenditure of Rs. 153 crores had been incurred up to the end of March 1951. During the five year period covered by the Plan, it is proposed to spend Rs. 518 crores on these schemes. These projects are calculated to irrigate an additional area of 8·5 million acres in the last year of the Plan and to generate 1·08 million kilowatts of power. After the completion and full development of these projects, the total addition to the area irrigated will be 16·9 million acres and to power 1·46 million kilowatt. The annual expenditure on and likely benefits from these projects year by year would be as follows:

Year	Expenditure (Rs. crores)	Additional irrigation (acres)	Additional power (kw)
1951-52	85	646,000	58,000
1952-53	121	1,890,000	239,000
1953-54	127	3,555,000	724,000
1954-55	107	5,749,000	875,000
1955-56	78	8,533,000	1,082,000
Ultimate		16,942,000	1,465,000
New schemes	40		
Five years' total	558		

In addition to the above, Rs. 40 crores have been provided for new schemes which are essential for the economic development of the areas concerned. Details in regard to them are given below:—

Name of Project	Area served	Total estimated cost Rs. lakhs	Ultimate benefits Irrigation 000 acres	Power'000 kw installed
Kosi (Stage I) . .	Bihar & Nepal	66,00	2,620	40 also flood control
Koyna (Stage I) . .	Bombay	33.00	..	240
Krishna (scope not yet defined) . . .	Madras & Hyderabad	Not available		Not available
Chambal (Stage I) .	Madhya Bharat & Rajasthan	33,75	1,200	80
Rihand . . .	Uttar Pradesh	35,00	..	240

The total cost of these projects will be well over Rs. 200 crores out of which it is expected that it might be possible to spend Rs. 40 crores on them during the period of the Plan. The financial and technical responsibilities of the Central Government and of the State governments concerned with regard to these projects (and of the Government of Nepal with regard to the Kosi Project) and the programme of the construction, will be settled before work commences on these projects.

Policy and administration

In the preparation of the Plan, projects likely to yield additional food at an early date have been given preference over others and the large multi-purpose projects have been phased with a view to the early completion of their irrigation aspects; the power generation is carefully regulated and taken up in stages as the demand arises.

Much stress has been placed on proper planning for the development of load for every large generating unit. For most of the power projects included in the Five Year Plan, detailed or preliminary load surveys have already been carried out and the power to be generated will be utilized largely in meeting the existing power shortage in industrial areas, in replacing old and inefficient plant the replacement of which is long overdue and for pumping of irrigation supplies from tube-wells and rivers etc. In the location of new large-scale industries the availability of power from the new power projects is being kept in view. Considerable importance is to be attached

to efforts being made to spread the use of electricity in rural areas—for agricultural purposes, lift irrigation, cottage and small scale industries etc. It is suggested that States should set up a special machinery to bring about such development on the lines followed by the Rural Electrical Administration in the U.S.A.

In addition to the projects which have been included in the Plan, there are other irrigation and power projects under consideration, which have been or are being taken up for investigation. The aggregate cost of all these projects is expected to be about Rs. 2,000 crores. The aim of the long term plan of national development should be to take these up for execution. When they are completed in fifteen to twenty years, the area now under irrigation will be doubled and there will be production of power to the extent of 7 million kilowatts. It is only by utilising available water resources for irrigation and generation of power on the scale here indicated and by the adoption of intensive measures for improving the standards of agricultural practice and the promotion of cottage, small-scale and large-scale industries with the help of cheap electric power that an appreciable rise in the standard of living of the people can be achieved.

For the development of irrigation and power there is obviously need for a national policy devised in the interests of India as a whole. The reasons for this can be given briefly. Firstly, it is not in all parts of India that facilities exist for irrigation and power and where they do exist they should be fully developed in the interests of the food requirements of the nation as a whole. Secondly, works in progress and those that are contemplated present difficult engineering and other problems and require the adoption of modern technical methods, sometimes with the help of foreign experts. This calls for pooling of the best knowledge and resources available in India and outside. Thirdly, river valleys are not confined to State boundaries and development schemes of different States have to be co-ordinated and inter-related for the achievement of maximum results. Fourthly, large projects require financial outlays which in most cases are beyond the resources of individual States. Careful financial planning and Central assistance are needed for implementation of such programmes.

There is another important point to be emphasised. For irrigation and power projects, there will have to be plans for a longer period than five years. A large project often takes two to three years to investigate and from five to ten years to execute. In order, therefore, to utilise continuously the technical resources, Equipment and organisation built up by States, a fifteen-year plan has to be evolved so that investigation and execution can proceed on lines carefully arranged and the technical personnel and equipment can be utilised to the best advantage.

When the Five Year Plan has been in operation, say, for two years, there will be need for a review of the progress made in giving effect to it and for the preparation of a further plan to be implemented from the sixth year onwards. It is necessary that a procedure should be prescribed for determining what projects should be included in this further plan and the order of priority for projects in general. The following broad principles should be observed for including projects in this plan:

(i) a project for inclusion in the Plan should have been investigated in sufficient detail from the technical, economic and financial points of view;

(ii) projects which will add to the food production of the country should receive priority over projects relating to other uses of river waters;

(iii) projects which are most remunerative—in terms of cost of irrigation per acre and those which would yield results within a short time should be given preference; and

(iv) region-wise requirements of food and power should receive due consideration, as also the needs of the backward areas.

A Committee is proposed to be set-up to advise on the relative priority of different projects on an all-India basis after an examination of each project, which will consist of:—

(i) A chairman appointed by the Government of India,

(ii) Additional Secretary, Ministry of Natural Resources and Scientific Research,

(iii) A representative of the Ministry of Finance,

(iv) President, Central Board of Irrigation, and

(v) One eminent engineer not in the service of any Government in India.

The Chief Engineer of the State concerned should be co-opted as member when a project prepared by him is examined.

The plan will be prepared in consultation with the Ministries of Finance and Natural Resources and Scientific Research and the State Governments concerned, after the Committee has examined all the projects that have been investigated and the estimates for which are ready.

The implementation of a Plan of the dimensions proposed calls for a new approach on the part of the Central Government and the States in regard to:—

(i) methods of financing projects, and

(ii) enlisting of public co-operation on a nation-wide scale and arousing enthusiasm in the country.

Financing of projects

For financing of projects, the following recommendations have been made:—

(i) In October, 1950, the Planning Commission made suggestions to State Governments for the levy of betterment contribution, the object being to secure for the State a share of the 'unearned increment'—the increase in land values that occurs as a result of the provision of irrigation facilities. Most of the States have promoted or are promoting legislation for this purpose.

(ii) The Commission has also recommended to State Governments an upward revision of water rates in view of the high cost of new works, increased costs of maintenance and rise in prices of agricultural produce.

(iii) The levy of agricultural income-tax which has already been introduced in some States has also been recommended in order that the larger holdings may bear their equitable share of the burden.

The Commission has suggested to State Governments the creation of a non-lapsable irrigation and power development 'ways and means' fund. Some State Governments have accepted the proposal. Others are finding it difficult to adopt it owing to their financial position.

Public co-operation

It has been pointed out that projects of such significance to the economy of the country and involving financial outlays of such magnitude as are now contemplated cannot be implemented successfully unless the States can arouse mass enthusiasm and secure public support for the projects on a nation-wide scale. What is essential is that the people should consider these projects as their own and be willing to make special sacrifices for their completion. The ways in which public co-operation can be obtained and the forms it should take vary from project to project and it should be the aim of State Governments to see that this is secured in the largest measure possible. The Commission considers that the levy of betterment contribution in the form of land from the larger holdings will be useful in many ways. By this means, it will be possible to obtain the lands needed for resettling persons whose holdings are submerged by reservoirs, for community use, namely, village forests and grazing, markets, roads etc.; for effecting improvements in the agricultural economy by bringing about consolidation of holdings, making uneconomic holdings into economic holdings, assigning lands to landless

labourers and in other ways. The people in the region should be actively associated with all steps taken for the formulation of schemes of this character and their implementation.

The raising of loans from those, who benefit from these projects—the proceeds being earmarked for particular projects—is a most useful way of enlisting public support.

There is also another way in which the traditional methods of carrying out such projects can be improved. In preparing estimates for works in which unskilled labour is employed—like the canal system in a larger project which absorbs an appreciable portion of the expenditure on the project—the rule should be to adopt a scale of wages on the basis that work should be done by the villagers on the canals in their villages and not on the basis of the work being entrusted to contractors as a whole or in sections. In each village or group of villages the villagers should be organised into co-operatives for taking up the work in their own area. By this means, apart from there being a reduction in cost, the villagers benefiting by a project are enabled to make a notable contribution towards its completions. This method has been adopted in some projects and it is hoped that it will become the established system in all projects.

Major and minor irrigation projects

Questions are often raised about (i) the relative place assigned to major and minor irrigation schemes in the Plan, and (ii) the economics of such schemes. There can be no conflict between major and minor schemes. There are parts of the country in which scope exists for large projects and others in which only smaller projects are possible. Each area should be served by the kind of schemes for which it offers facilities. Large and small projects are thus complementary and not competitive. The Five Year Plan includes eight irrigation projects (including multi-purpose projects) costing above Rs. 5 crores each, sixteen costing between Rs. 1 crores and five crores; twenty-one costing between Rs. 1 crore and Rs. fifty lakhs; and twenty-seven schemes costing between Rs. 50 lakhs and Rs. 10 lakhs each. The area which will be irrigated in the five year period by these projects is expected to be about eight million acres, while about 11 million acres are expected to be irrigated by minor irrigation projects and tubewell schemes included in the Plan.

The relative advantages and disadvantages of minor and major schemes may be briefly summarised as follows:

Minor schemes are advantageous in that

(i) the initial outlay involved is small;

(ii) they can be executed quickly and yield quick results;

(iii) they generally require no special assistance by way of foreign personnel or equipment; and

(iv) local resources can be easily mobilised for their execution.

The disadvantages, on the other hand are:

(i) their high cost of maintenance;

(ii) their relatively short life; and

(iii) the limited 'protection' they give.

Owing to the operation of these causes all over the country, a fair proportion of such works are now in various stages of disrepair. Experience suggests that minor irrigation works can be maintained only if the beneficiaries undertake the obligation for maintenance. At the same time, where there are laws imposing such obligations it has not been found possible to enforce them strictly.

The advantages of major schemes are—

(i) they are generally multi-purpose in nature, *i.e.*, apart from irrigation they confer other benefits such as hydro-electric power, flood control, navigation, etc.

(ii) they utilise surplus waters of the river system which are flowing waste at present, and in fact constitute the only way in which such surplus waters can be utilised;

(iii) they give better protection in years of scarcity as there are large catchment areas.

The disadvantages are the initial high cost and the time they take for execution. The financial aspects vary from region to region.

In so far as the large multi-purpose projects in progress are concerned, their construction has not reached a stage at which final forecasts of financial yields can be made. It can, however, be stated that these projects can be financially justified only if the following conditions are strictly enforced:—

(i) there should be strict financial control and costs kept down as low as possible;

(ii) betterment contributions should be levied on the areas that will be irrigated;

(iii) water rates should be levied which would be appreciably higher than the rates in the older projects, and more in accordance with present price levels;

(iv) power generation should be regulated carefully and capital should not be sunk on electric plant much in advance of ascertained needs; and

(v) power should also be sold at economic rates.

VIII. COTTAGE AND SMALL SCALE INDUSTRIES

1. Village Industries

Village industries have a central place in rural development programmes. Their development has, therefore, the same priority as increase in agricultural production. The development of village industries requires that the deficiencies which have led to their decline should be dealt with. These relate to (1) organisation, (2) State policy, (3) research and training, and (4) finance. The growth of large-scale industry and of imports tended to reduce steadily the demand for the products of local artisans. Village industries will have the best chance of developing on the basis of local demand. The village organisation itself has to be rebuilt to suit changing conditions, in particular, to become capable to a large extent of carrying out the obligation of providing employment to all workers in the village. A programme of village employment has of course to be part of a larger employment programme. Village industries should become the concern of the village community functioning as an organised group and the village organisation should take upon itself the principal responsibility for developing local industries. Along with this, single-craft or multi-craft co-operatives of artisans have to be developed and organisations like the All-India Village Industries Association and the All-India Spinners' Association should also be assisted in developing village industries.

Village industry programmes need drive and direction from the Government. While the primary responsibility rests on State Governments, the Central Government determines the frame-work within which programmes for individual village industries should be executed. It is, therefore, necessary for the Central Government to have an organisation which can give close attention to problems of village industries and help create favourable conditions for action by State Governments, constructive organisations and village co-operatives. For this purpose, the Central Government propose shortly to constitute a khadi and village industries development board which will be an organisation outside the departmental machinery of the Government and will be composed mainly of experienced workers in the field of khadi and village industries. Similar organisations are needed in the States.

The primary directive of policy should be to provide a field within which each cottage industry can organise itself. Wherever a large scale industry competes with a cottage industry, the appropriate

course would be to try and formulate a common production programme which could take account of such factors as efficiency, scope for development and employment potential. One or more of the following elements might form part of a common production programme:

(1) reservation of spheres of production;
(2) non-expansion of the capacity of a large-scale industry;
(3) imposition of a cess on a large-scale industry;
(4) arrangements for the supply of raw materials; and
(5) co-ordination for research, training, etc.

A common production programme for an industry implies of course a measure of control by the Government, especially, over the organised side of the industry.

As a rule, in working out common production programmes for any industry careful study and investigation are called for. The principles which enter into the preparation of common production programmes are already accepted or are being implemented to some extent. For instance, a measure of reservation of spheres has been admitted in the textile industry between the large units and the handloom weavers. A small cess has recently been imposed on mill-made cloth to provide funds for the development of khadi and handloom. Arrangements for raw materials have been made for small-scale producers in a number of industries in which the raw materials were controlled. In the sphere of food processing industries, it is recommended that further expansion of large-scale industry should not be permitted, except under certain conditions, such as, for instance, the establishment of a unit by the Government or by a co-operative organisation. Rural employment has been affected directly by the growth of privately-owned units in this sector. It is further recommended that in the interest of rural employment and to ensure better nutrition, a programme for replacing the huller type of rice mills by hand-pounding of rice should be formulated.

The support which the State can give in various ways can have only a short-term value unless the techniques of cottage and small-scale production improve rapidly. Research is a continuous process and it is necessary both to discover problems and find the answers through the invention of new implements and new techniques. The prospect of rural electrification in several parts of the country during the next few years further emphasises the importance of research and investigation. It is recommended that the Central Government should give high priority to the establishment of an institute for village technology which could carry out investigations into problems of small industries, especially those pointed towards the rural areas. Such an

institute could itself try out new ideas, adaptations and designs and indicate directions in which artisans could be trained and guided. The institute would have to maintain close contact with existing organisations as well as with the National Laboratories and other centres of research.

To expedite the process of adaptation on the part of village artisans, it is suggested that training programmes should now be organised on a large scale. Training-*cum*-production centres and pilot workshops are specially commended.

The Plan makes a provision of Rs. 15 crores in the budget of the Central Government and Rs. 12 crores in the States for cottage and small-scale industries. In the States emphasis is to be given to the formation of industrial co-operatives to enable village artisans to receive substantial financial assistance.

The Plan indicates programmes for ten village industries, namely, the village oil industry, soap-making with neem oil, paddy husking, palm gur industry, gur and khandsari, leather, manufacture of woollen blankets, manufacture of hand-made paper, bee-keeping and cottage match industry. These are to be worked out further with a view to execution by the new board mentioned above.

2. Small Industries and Handicrafts

Small industries other than village industries fall into two main groups, namely, those which represent traditional skills and crafts and those which are more recent and are connected with the corresponding large-scale industries. Village industries are at present of a rudimentary character but, with the progress of rural electrification, they are likely to be transformed. In them, as in other small industries, *employment is a weighty consideration. It is, however, of the* utmost importance that the process of technical improvement should be hastened. Along with measures to create or maintain demand for the products of cottage industries, equal emphasis must be placed on the need to change methods of production and organisation.

Small industries have special significance because of their potential value for the employment of trained and educated persons. Many small industries and handicrafts are also important for the employment which they can provide to women in their homes as well as on a more organised basis.

Several small industries which grew up during the war have since disappeared or suffered considerably. This is due in some cases to difficulties in the supply of raw materials or to the existence of capacity in excess of demand; in others, to the fact that the units were

uneconomic or were unable to produce the quality or precision desired. A great deal of small industry has grown up without much direction and assistance from the Government. Hitherto, there has been far too little formulation of policy on the subject, and executive action has been largely confined to such activities as the provision of power or the distribution of controlled materials. The planned development of small industry is a task of immense magnitude, of equal importance with the planning of agriculture or transport or industry. This task has now been taken in hand and, as a first step, programmes for a few selected industries such as wool development, the manufacture of woollen goods, sports goods, agricultural implements, brassware and bell-metal, cycle parts, etc., are under preparation. Programmes for small industries and handicrafts need to be co-ordinated, on the one hand, with large-scale industries and research institutions and, on the other, they need to be supported by practical measures for ensuring technical and financial assistance to artisans.

Handicrafts

Trade in handicrafts is largely in the hands of middlemen who operate on a small scale and work to order. As the industry is at present organised, it is difficult to secure efficiency, improvement in quality or adherence to standards or, for that matter, planned increase in production. The result is that, with some exceptions, the handicraft industry remains largely static in its methods and outlook. The export demand for handicrafts is an extremely important element in the handicrafts industry. Measures calculated to increase the export demand are also likely to enlarge the internal market. The foreign demand for many products could be increased if more utility articles were manufactured and their shapes adapted to the requirements of customers.

Production programmes for handicraft goods should be based on the study of the requirements of foreign customers, not only of those who are wealthy but of the average citizen. It is important to ensure that goods conform to samples and can be supplied in bulk for a large market like the United States.

In the case of handicrafts there is an intimate connection between measures needed to improve production and supply and those required for stimulating demand. The internal demand, which has been limited mainly by the low purchasing power of the population could be developed further through the extension of State patronage in various forms and the use of indigenous handicraft goods in the home and elsewhere. Valuable results could be obtained if emporia were concerned not only with the sale of cottage industry products, but

also conveyed to artisans information and guidance concerning new demands and new designs. It would help build up a stable internal demand if consumers' co-operatives could be linked increasingly to producers' co-operatives and, similarly, if the Central and State Governments could promote links between producers in India and large buyers abroad. A handicrafts board has been recently set up by the Central Government with the object of improving and developing production and promoting sales in India and abroad.

As a rule, the craftsman or the artisan works on a small scale and independently of others. The common problems of artisans are seldom taken care of by a representative association, nor have many co-operatives been formed. If the artisan is to become less dependent on middlemen and technical knowledge and guidance are to be carried to him, the two lines of advance have to be (a) formation of co-operatives and (b) formation of associations in each established handicraft centre with co-operatives as well as individual workers as members. Industries departments in the States should organise such co-operatives and associations. These departments have to equip themselves with the necessary knowledge and to be in continuous contact with the technical and business problems of producers and artisans. In particular, they should give close attention to (1) enforcement of standards of quality control, (2) study of designs and materials, and (3) finding out and solving the technical and other problems which hamper the work of the craftsman.

It is necessary to develop in different parts of the country a number of institutions in which research in some aspect or other of handicraft production is undertaken. The Central Government should also consider the possibility of establishing a central institute for the study and preparation of designs.

Small industries

The expression 'small industries' includes many newly organised industries which are worked with power, as well as some of the older industries such as handloom weaving, manufacture of locks, utensils, etc. In the organisation of small industries of the newer type, the State can give considerable help because their planning is a part of the planning of the corresponding large-scale industries and also because it is possible to locate them in a planned manner.

Small industries may be divided briefly into three groups according as whether they exist independently or as units integrated with or competitive to the corresponding large-scale industries. In the first group, the principal need is to organise them co-operatively, so that their financing, sale and marketing may be facilitated. In the second

group, there is considerable scope for allocating to small-scale production particular stages in the process of manufacture. A measure of reservation of spheres according to some central plan for an industry as a whole, supported by considerable assistance in finance, organisation and training is, also, necessary for industries affected by the competition of large-scale industries. A common production programme invariably implies a measure of reservation.

The role of State purchase in promoting the development of cottage and small-scale industries is now well recognised and the Central Government has recently announced its policy on the subject. If it is carefully employed, the stores purchase policy can be both a method of encouraging cottage industry and a means for raising its technical efficiency and improving its organisation. In order to increase the field for small-scale operation, it is suggested that panels of technicians and businessmen in different trades should examine how far, through manufacture by cottage and small-scale industries, requirements now met by imports can be replaced and by what stages.

The setting up of new centres of industrial production increases considerably the scope for developing new lines of small-scale manufacture. The establishment of new townships or extension of existing towns with provision of sites, services, power, etc., is, therefore, an important item in the Central Government's programme. Recent experience of townships and industrial centres established in connection with the rehabilitation of displaced persons emphasises the importance of careful study in determining lines of production and, secondly, of overall planning in terms of common production programmes between large-scale and small-scale industries.

The Plan refers also to problems of training, research and finance. In respect of training, it is suggested that this should be directed especially towards those trades in which the prospects of stable employment are reasonably clear and, secondly, towards the training of artisans in existing small-scale industries. Exhibitions should also be utilised for providing instruction in new techniques and designs. The opening of special research sections for small industries in research institutes associated with large-scale industries is proposed. In respect of finance, since some States may find it difficult to establish industrial finance corporations of an economic size, it is suggested that the possibility of making regional arrangements for the establishment of industrial finance corporations for groups of States should be considered.

Finally, it is pointed out that the growth of small industries which need skill, training and power is related closely to the development of basic industry, including the manufacture of machinery. The advance of technological education is also a material factor in the progress of such small industries.

IX. INDUSTRY AND COMMUNICATIONS

1. Industrial Development and Policy

Although agricultural development including the building up of the necessary basic services like irrigation and power has the highest priority in the Five Year Plan, this does not mean that industrial development as such is less important. Improvement in agriculture itself cannot proceed beyond a point unless the surplus working force on the land is progressively diverted to industries and services. The productivity of labour in industry is much higher than in agriculture and this also points to the need for rapid industrial development. It has also to be borne in mind that in an underdeveloped country the surpluses created in the industrial sector are likely to be available for investment more easily than surpluses in the agricultural sector. There is need over a period for an increasing diversification of the occupational structure through development of industry, trade and transport.

Indian industrial structure

The major emphasis in industrial development up to now has been on consumer goods industries while basic capital goods industries have lagged behind. The production of iron and steel for instance is hardly fifty per cent of the existing volume of demand and it is even more inadequate relatively to the requirements of the country from the point of view of rapid all-round development. In respect of the manufacture of plant and machinery required by various industries, only a small beginning has so far been made with the textile machinery industry. Equipment for generating power in respect of which the country has a big development programme has to be imported from abroad. While an expansion of certain consumer goods industries will be necessary from time to time, the emphasis of policy in the immediate future and for a considerable period to come will have to be on capital goods industries so as to strengthen the country's industrial structure.

Industrial policy

Government's policy in the sphere of industrial development has been stated in the industrial policy resolution of April, 1948. Certain industries like arms and ammunition, the production and control of atomic energy and railways are reserved exclusively for the Central Government. In the case of certain others such as coal,

iron and steel, aircraft manufacture, ship-building, telephone, telegraph and wireless apparatus, and mineral oils, further development has to be the responsibility of the State except to the extent that co-operation of private enterprise is felt to be necessary. The rest of the industrial field is left to private enterprise, individual and co-operative, but Central regulation and control are envisaged for certain specified industries which are of special importance from the point of view of the investment and technical skills involved.

The scope and need for industrial development are so great that it is best for the public sector to concentrate at this stage on the development of those industries in which private enterprise is unwilling or unable to put up the resources required and to undertake the necessary risks. Nationalisation of existing enterprises is of little advantage as most of the purposes in view can be served by judicious regulation.

The principal object of the Industries (Development & Regulation) Act 1951 is to enable Government to implement its policy for the development and regulation of industries along the lines stated above. The suggestions made by the Planning Commission with reference to the Bill which was under consideration last year have been incorporated in the Act. The Act applies to 37 industries. Existing undertakings in these industries will have to be registered within a prescribed period and new units or substantial expansions of existing ones will have to obtain a licence from the Central Government. Government have powers to order an investigation into any industry or unit under certain circumstances and also to take over management if an industry or undertaking fails to comply with the directives given. The major instrument envisaged under the Act for establishing the necessary liaison between the public and private sectors and for ensuring that developments in private industries conform more and more to the pattern planned is the institution of Development Councils. The intention is to build up machinery from within each industry to examine the problems of the industry and to evolve methods for securing steady improvement in standards of productivity, quality of service and management. The necessary administrative and technical staff for these Councils will be provided by Government.

Priorities

The following general order of priorities has been suggested:—

(a) Fuller utilisation of existing capacity in producer goods industries like jute and plywood and consumer goods industries like cotton textiles, sugar, soap and vanaspati;

(b) Expansion of capacity in capital and producer goods industries like iron and steel, aluminium, cement, fertiliser, heavy chemicals, machine tools, etc.;

(c) Completion of industrial units on which considerable capital expenditure has already been incurred; and

(d) Establishment of new plants for industries like the manufacture of sulphur from gypsum, or pulp for rayon and newsprint, or the refining of ores or scrap for non-ferrous metals so as to increase the supply of certain key materials vital for industry.

This scheme of priorities indicates the broad lines along which available resources have to be directed during the period of the Plan. There will undoubtedly be further factors to be taken into account in deciding particular cases. The licensing procedure prescribed in the Industries (Development & Regulation) Act 1951 will, it is hoped, ensure a careful and unbiased consideration of the issues involved in the establishment of any new undertakings or substantial expansion of the existing ones.

Development in the public sector

The Plan provides for an expenditure of Rs. 94 crores on industrial projects under the Central and State Governments. The projects already under implementation in the public sector will be completed and provision has been made for a new iron and steel project estimated to cost Rs. 30 crores up to 1955-56 and Rs. 80 crores in all over a period of six years. Towards this project, Government will provide Rs. 15 crores and the rest will be secured through participation of indigenous and external capital. Most of the industrial projects in the public sector relate to the manufacture of capital goods or of intermediate products of vital importance from the point of view of immediate needs as also in terms of future economic development. In addition to this expenditure of Rs. 94 crores, the Plan also provides a sum of Rs. 50 crores for development of basic industries, including ancillary transport facilities.

Management of public enterprises

The standards of performance expected of public enterprises have to be even more rigorous than those applied to enterprises run by private agencies. The aim should be to secure in public enterprises the flexibility in operation which characterises private enterprise together with greater technical efficiency and responsiveness to public need. The executives in charge must be able to exercise

a great deal of initiative. They must have the power to take quick decisions. These enterprises have indeed to be accountable to the public but they should not be subject to governmental control in their day-to-day administration. Several of the industrial undertakings directly under the Central Government have already been organised as joint stock companies with their own Boards of Directors and management. It is desirable that industrial undertakings under State Governments are also operated on similar lines.

Development in the private sector

The initiative and responsibility for securing the necessary expansion over the bulk of the field of industry rest with private enterprise. Programmes of development in the private sector have been worked out in close consultation with representatives of the industries concerned. An attempt has been made to assess carefully the need and scope for expansion in various fields in conformity with the scheme of priorities set out above. The results of the detailed studies undertaken in respect of 42 organised industries are being published in a separate volume.

The total capital investment necessary for industrial expansion in the private sector is estimated at Rs. 233 crores. About 80 per cent of this investment would be in respect of capital goods and producer goods industries. The major ones among these are iron and steel which is estimated to take up about Rs. 43 crores, petroleum refineries which will involve an expenditure of Rs. 64 crores, cement estimated to cost Rs. 15·4 crores, aluminium expected to take up Rs. 9 crores, fertilisers, heavy chemicals and power alcohol estimated to cost about Rs. 12 crores. In the case of consumer goods industries, the emphasis is mainly on increased production through fuller utilisation of existing capacity. Considerable investment is, however, envisaged in certain new lines such as rayon, paper and drugs and pharmaceuticals. Moderate expansion of capacity in respect of cotton and woollen yarn is also envisaged. Additional electric power generation in the private sector will involve an expenditure of Rs. 16 crores in the five year period.

Industrial development 1951-56: *A resumé*

The total investment for financing the expansion in the public and the private sectors is estimated at Rs. 327 crores, Rs. 94 crores for the public sector and Rs. 233 crores for the private sector. In addition, expenditure on replacement and modernisation might amount to something like Rs. 150 crores. Taking into account the investment needed by way of working capital and certain other items, the overall requirements of finance amount to about Rs. 707 crores. The likely sources from which the necessary finance will have to be found have been broadly indicated.

The targets for the industrial programme in the private sector worked out by the Commission are as follows:—

	Production in 1950-51	Production aimed at in 1955-56
Iron and Steel—		
Pig Iron	15·7 lakh tons	19·5 lakh tons
Finished steel	9·8 lakh tons	12·8 lakh tons
Cement	26·9 lakh tons	45·0 lakh tons
Aluminium	3·7 lakh tons	12·0 lakh tons
*Fertilisers**—		
Ammonium sulphate	46,300 tons	450,000 tons
Superphosphate	55,100 tons	180,000 tons
*Locomotives**	...	150
*Machine tools**	1,100	4,600
Petroleum refining—		
Liquid petroleum	n.a.	403 million gallons.
Bitumen	n.a.	37,500 tons.
Cotton Manufactures—		
Yarn	1179 million lbs.	1640 million lbs.
Mill cloth	3718 million yards	4700 million yards
Handloom	810 million yards	1700 million yards
Jute manufactures	892,000 tons	1200,000 tons
Agricultural machinery—		
(*a*) Pumps, power-driven	34,300	85,000
(*b*) Diesel engines	5,500	50,000
Bicycles	101,000	530,000
Power Alcohol	5 million gallons	18 million gallons

*Figures include the public sector also.

The fulfilment of the targets set forth will depend to a great extent on the ability of the private sector to implement the programmes scheduled. This in turn depends mainly on the availability of finance. Since there are large demands on the limited savings available in the country, it will be necessary during the period of the Plan to canalise available capital into high priority lines through control of capital issues. Licensing of industrial undertakings will also assist in directing investment along desired lines. These controls are apt to operate somewhat negatively and will need to be supplemented by a system of incentives, fiscal and other, to encourage expansion in defined lines.

Foreign capital

Government's policy in regard to foreign capital already contains assurances as to non-discrimination, reasonable facilities for transfer of profits and repatriation of capital and of fair and equitable compensation in the event of nationalisation. It is desirable that foreign investment coming into the country is channelled into fields of high priority. The broad principle to be followed is that foreign investment should be permitted in spheres where new lines of production are to be developed or where special type of experience and technical skill are required or where the volume of domestic production is small in relation to demand, and there is no reasonable expectation of the indigenous industry being able to expand at the desired rate. Agreements for joint participation between foreign and Indian concerns should be subject to the approval of Government. The share of national capital in such enterprises and other arrangements for safeguarding the national interest may be decided with reference to the facts of each particular case.

Industrial productivity

Productivity is a function of several variables such as the size of the plant, the quality of raw materials used, the efficiency of the technical personnel, the quality of the labour force and the efficiency of the management in coordinating to the best advantage the various factors of production. Since 1939, there seems to have been a significant fall in industrial productivity in India due to various factors such as deterioration in the quality of machinery and equipment, irregular supplies and non-uniform quality of raw materials, the uneconomic size of certain units, and a measure of deterioration in the standards of management and of discipline among the workers. Improvement of productivity must, in the years to come, be a major objective. The techniques of quality control designed to bring about a reduction in the consumption of materials and an increase in operational efficiency should be widely applied in the industrial field. Government has an important part to play in the promotion of scientific and industrial research. A great deal, however, depends on the interest and initiative which private industry shows in this matter.

Industrial management

The Managing Agency system under which the bulk of organised industries operate at present has come under severe criticism in recent years on account of the various abuses connected with this system which have come to light. The Company Law

Committee has examined this question in detail and it has made various suggestions which are at present being examined by Government. The problem is complex and has wide ramifications. The question of changes in detail in the matter of industrial management apart, the principle is clear: industrial management in a planned economy has to satisfy rigorous tests and the responsibility of management is not merely to the shareholders but also to the public at large.

2. Scientific and Industrial Research

In the planned economy of a country science must necessarily play a specially important role. Improvements in techniques evolved as a result of scientific research bring about the greatest increases in production in the different sectors of the economy. National resources are augmented by the substitution of cheap and abundant materials for those in scarce supply and by finding uses for materials which have remained unutilised. A balanced programme of research covering every sector of the economy is essential for the development of the country. This aspect is considered under different heads in the Plan.

Since Independence, programmes of scientific research and survey have been greatly expanded. In the sphere of research proper, the most important development in recent years has been the establishment of a chain of laboratories and research institutions in different parts of the country. These institutions are:

1. National Physical Laboratory, New Delhi.
2. National Chemical Laboratory, Poona.
3. National Metallurgical Laboratory, Jamshedpur.
4. Fuel Research Institute, Jealgora.
5. Central Food Technological Research Institute, Mysore.
6. Central Drug Research Institute, Lucknow.
7. Central Glass & Ceramic Research Institute, Calcutta.
8. Central Road Research Institute, Delhi.
9. Central Building Research Institute, Roorkee.
10. Central Leather Research Institute, Madras.
11. Central Electro-chemical Research Institute, Karaikud.

Although in most of these institutions, the process of establishment is complete, in some, like the Leather Research and Buildings Research Institute, for instance, only nucleus units have been functioning so far. The Electro-chemical Research Institute has not yet begun to function.

The Plan provides for completion of buildings, installation of necessary equipment and completing the other arrangements to the extent that these remain to be done in the case of each Laboratory and Institute. In addition, the following three research Institutes are proposed to be established during the period of the Plan.

1. Radio and Electronics Research Institute;
2. Mechanical Engineering Research Institute, with special emphasis on study of problems of cottage and small-scale industries; and
3. The Central Salt Research Station.

Besides these laboratories and research institutes, the Government has made substantial contributions towards the establishment of the following three research institutions.

1. The Ahmedabad Textile Industry Research Association;
2. The Silk and Art Silk Mills Research Association; and
3. The South India Textile Industry Research Association.

Fundamental and applied research at a number of institutions and universities is being aided by the Government. Surveys of particular resources, preparation of a dictionary of the economic products of India, arranging symposia and conferences and advice to industry on specific problems are other important items in the programme of scientific and industrial research.

3. Mineral Resources

India has the basic resources—coal and iron ore—needed for industrial development, but it is deficient in important minerals like ores of copper, tin, lead and zinc, sulphur and petroleum. The position with regard to aluminium ore, refractories, abrasives, limestone etc. may be considered fairly satisfactory and there are considerable reserves of titanium and thorium ores and of mica.

Till recently, the exploitation of minerals in India was largely for purposes of export: they were not regarded as a source of national wealth, the working and utilisation of which should be planned on sound and economic principles from the aspect of development. As minerals form the basis of modern industry in peace and war and as they are "wasting assets", it is necessary to adopt a policy of co-ordinated, orderly and economic development, the key-note of which should be conservation and economic working. The essentials of such a policy should include:—

(i) assessment of resources: systematic exploration to ascertain the extent and value of different mineral deposits;

(ii) proper conduct of mining operations: this should cover employment of qualified technical personnel for conducting mining operations, stoppage of selective mining of high grade minerals alone, recovery of valuable minerals from waste dumps, laying down of economic limits of holding for different classes of minerals and concurrence of the Central Government to leases of important minerals like iron ore, manganese ore, chromite and bauxite.

(iii) investigation of all deposits of important minerals like sulphur, tungsten ore, tin ore etc.

(iv) assessment of reserves of low grade ores and research into problems of mineral dressing and processing;

(v) conversion of minerals into finished or semi-finished products for purposes of export; and

(vi) empowering the Indian Bureau of Mines to collect statistics relating to the economics of the mineral industry and mineral trade in India and other countries.

In the following paragraphs, information is given in regard to important minerals and the programme of work suggested for them in the Plan.

Coal

Distribution—Nearly 82 per cent. of the coal is produced in the States of Bihar and West Bengal. Other preducing areas lie in Madhya Pradesh, Orissa, Hyderabad and Assam.

Reserves—In 1932, the reserves of workable coal were estimated at 20,000 million tons, of which good quality coal would amount to 5,000 million tons.

Coking coal—Based on a recent survey, the reserves of coking coal are estimated at 2,000 million tons with modern mining methods a recovery of 1,600 million tons is probable. This will be halved unless conservation measures like stowing, washing and blending are adopted.

Since the data regarding reserves of other grades of coal is not based on reliable surveys, the Plan provides for a detailed survey of coalfields in conjunction with drilling and prospecting.

The position in regard to coking and semi-coking coal being unsatisfactory, the future policy should be one of strict enforcement of the conservation measures recommended by a special committee in 1949.

Production—During the last three decades coal production has nearly doubled, reaching a record figure of 34 million tons in 1951.

Consumption

The chief consumers of coal are railways (31%), metallurgical and engineering industries (13·6%), and cotton and woollen textile mills (5·5%). The railways consume 40 per cent. and the steel industry about 21 per cent. of the metallurgical coal production; the balance is used for bunker and by miscellaneous industries. In the interests of conservation and to ensure supply to the expanding iron and steel industry the use of metallurgical coal for purposes other than for the production of iron and steel should be stopped and non-metallurgical coal should be supplied for such purposes. The switch over from metallurgical to other types of coal should be effected without dislocating the industry. The following recommendations are made:—

(i) Geological mapping of all the coalfields and the estimation of reserves should be undertaken by the Geological Survey of India in collaboration with the Bureau of Mines;

(ii) Collection of data relating to resources of sand and other suitable stowing materials in and around the Bihar and Bengal coalfields;

(iii) A physical and chemical survey of the coal deposits and a revised scientific classification based upon calorific value, ash-content and coking property, aimed at fitting the types and grades suited for various purposes should be undertaken.

(iv) Rationalisation of coal transport: with a view to rationalising production and distribution, and to enable replacement of coking coal by non-coking coal, measures for stepping up production of non-coking coal from existing collieries and increasing production from outlying coalfields are recommended.

(v) Research: The Fuel Research Institute should undertake research on carbonisation, washing and blending and desulphurisation of coal.

Control and development of coal industry

The Planning Commission recommended legislation for (i) enforcement of stowing (ii) levy of a consolidated cess in place of separate cesses now levied and (iii) constitution of a Coal Board to deal with all matters relating to coal from a comprehensive point of view. It was also suggested that action might be taken in stages if that were more convenient.

Based on these recommendations the Coal Mines (Conservation and safety) Act 1952 was enacted by the Central Government. Under this Act the Government has powers to enforce stowing and other measures for safety or conservation, to levy and collect a cess on coal and coke and additional duty on coking coal. A Coal Board has been set up and rates of excise duty leviable on coal and coke and additional duty on hard coke prescribed.

Iron-ore

Good quality iron-ores occur in Bihar, Orissa, Madhya Pradesh, Madras, Bombay, Goa and Mysore. The reserves are estimated to be over 10,000 million tons of good quality ore on a rough estimate. Except in regard to the deposits worked by the main iron and steel producers no satisfactory information is available. A proper assessment of the important deposits in Orissa (Bonai and Keonjhar), Madhya Pradesh (Drug, Chanda and Bastar), Bombay (Ratnagiri and Goa) and Madras (Sandur) is suggested in the Plan.

The annual production of iron-ore during the past few years has averaged between 2 and 3 million tons. Programmes for expansion of pig iron and steel production in the Plan would require an additional 1·3 million tons of iron-ore and 1·5 million tons of coal, 0·03 million tons of manganese-ore and 0·3 million tons of lime-stone.

In recent years export of iron-ore as such has been on the increase, but the long term policy is to expand pig-iron production to meet internal demand (which is met by imports) and, if possible, also export.

Manganese-ore

India is one of the chief producers of manganese-ore. The important manganese-ore deposits are in Madhya Pradesh. These yield ore of high manganese content. Reliable estimates of resources are not available for any of the deposits but according to rough estimates the reserves of high grade manganese-ore in India are placed at between 15 and 20 million tons, and the lower grade about three times this quantity.

The average production for the last forty years has been about 6 lakh tons, mainly for export and even now almost the entire production is exported. Domestic consumption is negligible and confined to the steel industry. As the reserves of high grade ore are limited, a strict policy of conservation should be followed. Export of high grade ores up to the limit of a million ton has been agreed to for a temporary period. This policy is being re-examined

Among the schemes included in the Plan are investigations of the important deposits in Madhya Pradesh, Orissa, Bombay, Mysore and Madras. Plans for setting up ferro-manganese plants are under consideration. The aim should be to convert the ore into ferro-manganese and other finished products for purposes of export.

Chromite

India has only moderate resources of chromite and the chief deposits are in Bihar, Mysore, Bombay, Madras and Orissa. The deposits have not been estimated.

Formerly, a major part of the production used to be exported, most of it being high grade. The export of high grade chromite ore was restricted to 10,000 tons in 1948 and since June 1951 export has been totally banned.

Recommendations in the Plan include a programme of detailed mapping by the Geological Survey of India of the important deposits in Bihar, Orissa, Bombay and Madras and research by Bureau of Mines in conjunction with the National Metallurgical Laboratory on the beneficiation of low grade chromite ore.

Non-ferrous metals

India has inadequate resources of copper, lead and zinc and practically no tin. The cost of imports of these metals in 1950 amounted to Rs. 16 crores.

The most important deposit of copper is in Singhbhum (Bihar); this is being worked. The production of copper metal which has varied between 6,000 and 6,600 tons is inadequate for meeting the domestic requirements. The most important deposit of lead and zinc ores is in Zawar (Rajasthan). This is being worked for lead. No zinc smelter has been set up but a committee is examining this possibility.

The Plan recommends that a thorough examination of all occurrences of copper, lead-zinc and tin ores should be undertaken.

Bauxite

The most important occurrences are in Bombay, Madhya Pradesh and Bihar. Reserves are estimated at 250 million tons of which high grade ores might amount to 35 million tons.

The production has increased from an average of about 15,000 tons in 1940-44 to over 67,000 tons in 1951. Less than half of the production is used in the manufacture of aluminium metal. The expansion of aluminium production envisaged in the Plan will increase this demand to 45,000 tons by 1955-56.

The Plan provides for investigations to assess the quality and quantity of bauxite in the various deposits.

Magnesite

Large deposits of magnesite occur in Salem (Madras State) and in Mysore State. The reserves in Salem are estimated at 90 million tons. Research into the possibility of using magnesite and chromite rock for refractories is recommended in the Plan.

Mica

India has fairly large deposits of quality mica and supplies nearly 80 per cent. of the world's needs. The principal deposits are in Bihar, Rajasthan and Madras. Bihar contributes nearly 60 per cent. of the total Indian output.

Reliable estimates of reserves in any of the mica regions are not available, but reserves are considered to be sufficiently large to last for many decades at the present rate of production. The production of mica has more than doubled in the last ten years and the value of exports has increased from Rs. 1·5 crores in the period 1940—47 to Rs. 9·5 crores in 1950-51.

The mica industry is confined to mining and processing with a view to exporting the output. Though the production of mica has increased, mining methods have undergone little change. Most of the production is from small mines. Owing to lack of systematic mining and mining not being supervised by qualified managers there is considerable waste.

Grading and classification of mica occupies an important place in the export trade. The quality measurement at present is largely a matter of judgment. To minimise differences of opinion among buyers and sellers the Indian Standards Institution is preparing standards which could be internationally acceptable.

The recommendations in the Plan for mica concern (i) re-mapping of Bihar and Madras deposits and detailed geological work in Rajasthan, (ii) research by the Bureau of Mines and the National Physical Laboratory for classification of mica based on its properties and for suitable economical methods for manufacture of micanite and grinding of mica, (iii) organisation of small producers into co-operatives, and (iv) exploring the possibility of setting up a central marketing board for mica.

Gypsum

Owing to the establishment of the fertiliser industry at Sindri, the supply of gypsum has become especially important. The well-known deposits are in Rajasthan and South India, though smaller deposits exist in Northern and Western India and need to be explored. Estimated reserves amount to 67 million tons of which 50 million tons are in Rajasthan.

The production of gypsum has risen from an average of 65,000 tons in 1944-48 to 206,000 tons in 1950. The consumption of gypsum is expected to go up to 870,000 tons a year mostly on account of fertiliser industries and cement industries.

Recommendations are made in the Plan for systematic field investigation in gypsum areas and for research into possibility of gypsum recovery from salt pans.

Sulphur

Native sulphur in deposits of large size is unknown in India. Sulphur in the form of pyrite occurs in Kashmir, Simla, Amjor (Bihar), Bombay and Mysore, and in association with coal in the coal-fields of Assam and Vindhya Pradesh.

Reserves of pyrite deposits at Amjor and Karwar are being estimated.

The present requirements of sulphur are estimated at 65,000 tons, against an actual consumption of 50,000 tons which is of course limited by scarcity of supplies. The imports have risen from 38,300 tons in 1948 to 55,000 tons in 1950 valued at Rs. 61·65 lakhs and Rs. 110 lakhs respectively. The demand for sulphur for sulphuric acid is estimated at about 85,000 tons by 1955-56.

The recommendations in the Plan are for thorough examination of all possible sources of sulphur and investigations for the recovery of sulphur from copper and lead smelting operations and from high sulphur coals. Other recommendations are that wherever possible sulphur should be substituted by other alternative raw materials.

Programme of mineral development

The Plan provides for systematic and detailed investigation and survey by the Geological Survey of India, the Indian Bureau of Mines, the National Metallurgical Laboratory, the Central Glass and Ceramic Research Institute and the Fuel Research Institute.

The programme includes:—

(i) detailed mapping and proving of reserves by the Geological Survey of Indian in collaboration with the Bureau of Mines;

(ii) collection of detailed statistics of the economics of the mineral industry by the Bureau of Mines;

(iii) physical and chemical survey of all coal seams, and investigation on coal washing and blending, carbonisation, hydrogenation and briquetting of coal by the Fuel Research Institute;

(iv) investigation on the benefication of low grade minerals by the National Metallurgical Laboratory in collaboration with the Bureau of Mines; and

(v) investigations on the manufacture of optical glass, ceramic wares, refractories, and insulators by the Central Glass and Ceramic Research Institute.

To co-ordinate the work and review the progress of the programme, the Ministry of Natural Resources and Scientific Research have set up a technical committee with representatives from all the organisations concerned.

4. Transport and Communications

Railways

In the programme for transport and communications, a large part of the total outlay is on railways.

The most serious problem facing the Indian railways today is the task of rehabilitation and provision of adequate equipment. When the railways were just emerging in 1937 from the effects of the economic depression of the thirties and were attempting to overtake the arrears of maintenance and development, the second world war intervened and interrupted this process. During the war, considerable arrears of renewals and replacements accumulated and internal facilities for rehabilitation were appreciably curtailed. After the war, new problems came up in the wake of Partition. The condition of the track also deteriorated during the past two decades and rehabilitation measures are needed.

With a view to reducing dependence on external sources of supply, the Central Government have set up a workshop for the construction of locomotives at Chittaranjan at an estimated cost of about Rs. 15 crores. The eventual production target in this workshop is 120 locomotives and 50 spare boilers per annum. The Government have

also extended financial assistance to the Tata Locomotive Engineering Company by participating in its capital structure to the extent of about Rs. 2 crores.

In order to deal with the accumulated arrears of maintenance and rehabilitation and to provide for an immediate programme of development for meeting the minimum obligations of the railways as a public utility concern, it is proposed that the Railway plan for the five-year period should provide for an average expenditure of not less than Rs. 80 crores a year or Rs. 400 crores in the aggregate. Further, from a provision of Rs. 50 crores made for basic industries and transport certain additional railway development is expected to be undertaken.

Of the total expenditure of Rs. 400 crores, the contribution from the Central Revenues will be Rs. 80 crores and the balance of Rs. 320 crores is expected to be raised by the Railways from their own resources.

Shipping

The development programme for shipping will increase the total gross registered tonnage in the coastal and overseas trade to about 600,000 by 1955-56. The Plan provides assistance to the extent of Rs. 15 crores to shipping companies for the purchase of ships.

Port development

The present capacity of the five major ports of Calcutta, Bombay, Madras, Cochin and Visakhapatnam to handle cargo is about 20 million tons per annum excluding petroleum, country-craft and bunkers. This capacity is not sufficient to meet the requirements of traffic. Port development is also necessary for the following other reasons:—

(i) the need for rectifying the consequences of Partition and for providing a natural outlet for traffic previously catered for by Karachi;

(ii) a large part of the equipment of ports is now antiquated and obsolete;

(iii) the Central Government have undertaken to provide port facilities for the petroleum refineries proposed to be set up at Bombay.

A major new port that will start functioning during the period of the Plan is Kandla which would take over some of the traffic formerly handled by Karachi. The cost of Kandla during the Plan period is estimated at Rs. 12·05 crores. A sum of Rs. 8 crores is to be spent for establishing port facilities for oil refineries and for providing

alternative facilities for the existing establishments on the Butcher Island. For the modernisation and development of the five existing major ports assistance to the extent of Rs. 12 crores is expected to be given during the Plan period. This will be supplemented by the resources of the port authorities which are estimated at Rs. 15·5 crores.

Roads

The Five Year Plan for the development of national highways provides for the completion of the works in hand and for the construction of 450 miles of new roads and 43 very large bridges as well as a large number of small bridges. In addition, about 2,200 miles of roads will be improved.

A sum of Rs. 27 crores over a period of five years has been provided in the Central Government's plan for the development of national highways. A separate provision of Rs. 4 crores has also been made for the development of certain selected roads (other than national highways) for which the Centre will provide the finance. Further, a sum of Rs. 21·15 lakhs will be spent on the Central Road Research Institute.

The total provision for road development in the plans of the States is Rs. 73·54 crores out of which Part 'A' States account for Rs. 50·59 crores, and Part 'B' States for Rs. 16·68 crores, the balance being for Part 'C' States.

Civil aviation

Civil aviation is a comparatively new line of development. It has been found that, under the present conditions of traffic load and intensity of operations, few existing air transport companies can work on an economic basis and that, to ensure such working, it is necessary to merge them into a single unit. The Plan provides for a sum of Rs. 9·5 crores for the payment of compensation to the existing air companies, and for the purchase of new aircraft.

Posts, telegraphs and telephones

The total development programme for posts, telegraphs and telephones will cost Rs. 50 crores. The main emphasis in this programme is on the provision of a post office for every village with a population of 2,000 or over and on expanded facilities for telephones in the larger cities.

5. Foreign Trade and Commercial Policy

In the last decade or so there have been a number of changes in the volume, composition and direction of India's foreign trade. Among these may be mentioned, in particular, a marked contraction in the volume of exports and a growing lack of diversification compared to the pre-war pattern, increased dependence on imports of food and raw-materials, greater imbalance in the trade with the dollar area, and heavy demand for imports of machinery for replacement and development. In the initial stages of planning, these developments are likely to restrict to some extent the scope for making any radical changes in policy. The Plan itself, is, however, designed to meet some of the problems that have arisen in recent years. Thus, the higher agricultural production for which it provides will reduce the dependence on imports of foodgrains and of cotton and jute; and the greater availability of raw cotton and jute will increase the exportable surpluses of cotton and jute manufactures. It is also expected that export trade will develop in new lines of manufactures in this country, *e.g.*, sewing machines, batteries, bicycles, textile machinery, electric fans, pharmaceuticals, etc. Such articles are already being exported in small quantities to countries in South East Asia, and this trend should become more marked with the expansion of these industries as envisaged in the Plan. The recovery of Germany and Japan, and the development of greater trade relations with countries like Czechoslovakia and Sweden which can export capital goods, will also help to diversify trade and correct the existing imbalance with the hard currency countries.

On the other hand, a large programme of development necessarily leads to increased demand for imports and a shortage of foreign exchange. The programme of development in this period entails heavy imports of capital goods not only to wipe off the outstanding arrears of replacement but also to meet the still greater requirements of new projects; moreover, the increased money incomes generated by the Plan will make themselves felt in increased demand for consumer goods from abroad and reduction in the surpluses of consumer goods available for export. Though the volume of exports is expected to increase substantially as a result of the Plan, it would appear that, taking into account the likely import requirements, shortage of foreign exchange resources may be a serious bottleneck if a development programme of the order contemplated in the Plan is to be implemented without supplementary external assistance. The volume of imports at each stage of the implementation of the Plan as well as at the end of the five-years would therefore depend to a great extent on the degree of control exercised over them, which in turn would be determined by the availability of foreign exchange. It goes without saying that during the period of the Plan there will

have to be a close regulation of exports and imports. Without controls in this vital sector the country will not be able to utilise to the best advantage the resources available to it for development.

The increase in exports in the period of the Plan is expected to take place mainly in cotton piece goods, jute yarns and manufactures, manganese ore, oils, coal and coke, black pepper, tobacco and woollen manufactures. In addition, there are also a number of newly developing lines of exports which are expected to show significant progress in this five-year period. If producer goods are defined so as to include unprocessed and partly processed raw-materials as well as manufactures and semi-manufactures used in production, they have in recent years constituted about two-thirds of total imports into India. The Plan will on the whole tend to reduce the dependence on agricultural raw-materials, but imports of processed raw-materials will have to be stepped up considerably for meeting the production targets in the Plan. In spite of the development of the petroleum refinery and the power alcohol industry in this period imports of oil for instance may have to be maintained at a high rate upto 1955-56. The effect of the Plan on imports of manufactures and semi-manufactures (including intermediate products) used for production would by and large be the same as on imports of processed raw-materials. Imports of locomotives for normal replacement purposes are likely to be completely eliminated. In a few cases where the projected expansion in domestic production is likely to exceed the increase in domestic requirements, imports may tend to fall *e.g.*, in respect of fertilisers, aluminium, cement, and artificial silk-yarn. But in all others, and particularly in the case of capital equipment, heavy durables and metals there will be significant increase in the level of imports.

In the nature of things there will have to be a measure of flexibility in commercial policy, but it is necessary to adhere to certain broad principles. In the context of planning, commercial policy has to serve the following ends:—

(a) it must help to fulfil the production and consumption targets in the Plan;

(b) the accent of policy throughout must be on maintaining a high level of exports;

(c) the deficits in balance of payments must be kept within the foreign exchange resources at the disposal of the country in any given period;

(d) the composition of exports as well as of imports must, as far as possible, fit in with the fiscal and price policies which have to be followed for the implementation of the Plan; and

(e) there must be, to the extent practicable, a measure of continuity in policy so that trade relations with other countries in respect of exports and imports and the plans of domestic industry and trade are not frequently disturbed.

Conditions of foreign trade are apt to change frequently and sometimes violently; precise year by year targets for exports and imports over the period of the Plan would therefore serve little purpose. There is also the additional factor that the timing and magnitude of external assistance which might be available cannot be precisely foreseen. The five principles mentioned above will however, in any given set of circumstances, indicate broadly the appropriate policy which has to be followed.

X. SOCIAL SERVICES AND EMPLOYMENT

1. Health

Health is fundamental to national progress in any sphere. It is a vital part of a concurrent and integrated programme of development of all aspects of community life.

The lack of hygienic environment (housing, water supply and removal of wastes) conducive to healthful living and low resistance due to poor nutrition, lack of medical care, lack of general and health education and a low economic status, are the main causes of the prevailing low state of health. One of the serious difficulties to be overcome is the shortage of personnel. Increased training facilities are a matter of vital importance. The number of medical institutions at present available is far too small to provide a reasonable standard of medical service to the people. In 1949, the average for the country was one institution for 24,000 urban population and one for 50,000 rural population.

The following are the priorities in the health plan:

(i) provision of water-supply and sanitation,

(ii) control of malaria,

(iii) preventive care of the rural population through health units and mobile units,

(iv) health services for mothers and children,

(v) health education,

(vi) self-sufficiency in drugs and equipment, and

(vii) family planning and population control.

The provision for the medical and public health programmes of the Central and State Governments amounts to Rs. 99·55 crores, of which the Centre's share is about Rs. 17·87 crores. The Centre will aid the States in higher education and research and in certain specific schemes.

Out of a total expenditure on medical programmes of Rs. 48 crores, more than 50 per cent. will be on hospitals and dispensaries and nearly 40 per cent. of the total provision will be for medical education and training. Schemes for medical education and training include, in addition to the All India Medical Institute, the completion of new medical colleges in Assam, Bombay, Madras, Madhya Pradesh, West

Bengal and Travancore-Cochin, upgrading of existing medical schools and provision of training for auxiliary medical personnel like nurses, mid-wives, and compounders. The execution of the programme is expected to increase the total number of personnel trained, as below:

	Number trained During 1950-51	Ending 1955-56	Percentage of increase
Doctors	2,504	2,782	11·1
Compounders	894	1,621	81·3
Nurses	2,212	3,000	35·6
Midwives	1,407	1,932	37·3
Vaids and Hakims	914	1,117	22·2

The increase in the number of hospitals and dispensaries and the number of beds in them, is anticipated to be as follows:

	During 1950-51	By 1955-56	Percentage of increase
Number of hospitals	2,014	2,062	2·4
,, ,, dispensaries (urban)	1,358	1,695	24·8
,, ,, ,, (rural)	5,229	5,840	11·6
,, ,, beds in hospitals	1,06,478	1,17,222	10·1
,, ,, beds in dispensaries—			
(urban)	2,013	2,233	11·4
(rural)	5,066	5,582	10·2

The expenditure on public health programmes undertaken by the Central and State Governments is Rs. 51·46 crores. Water-supply and drainage and anti-malaria schemes account for the bulk of the expenditure. The provision for water-supply and drainage works under the public health plan, amounts to Rs. 23·49 crores. Out of this total provision, Rs. 12·12 crores is for urban water-supply and drainage and Rs. 11·37 crores for rural water-supply.

Malaria is the most important public health problem in India and its control has, therefore, been assigned the highest priority. The States have provided Rs. 7·04 crores in their plans, while the Centre has earmarked Rs. 10 crores. The malaria control programme envisages the strengthening of the existing malaria control measures in several States, extension of training facilities and general co-ordination in supplies, etc.

Tuberculosis is a major public health problem, next in importance only to malaria. The Centre and the States have made substantial provision and have achieved considerable progress in this field. The main features of the programme are provision of sanatoria, hospitals and clinics, increase in the bed strength and B.C.G. vaccination teams. Compared with 1950-51, the Plan visualises the following results by 1955-56:

	1950-51		1955-56	
	Number of institutions	Number of beds	Number of institutions	Number of beds
Sanatoria	37	4,161	46	5,656
Hospitals	48	3,077	50	4,814
Clinics	127	2,323	180	2,562

The number of B.C.G. teams is expected to increase from 73 in 1950-51 to 137 in 1955-56. Provision is also made for the control of leprosy and venereal diseases.

In the sphere of maternity and child health the programme includes the expansion of the department of maternity and child health of the All-India Institute of Hygiene and Public Health in Calcutta as a centre for post-graduate training for doctors and nurses. Rural and urban training centres for nurses and mid-wives are also being developed in a number of places. One of the important activities of health units in intensive development areas such as community projects is to provide for adequate maternity and child health services

In view of the existing shortage high priority has been given to the training of different categories of health personnel in the plans of the Central as well as State Governments.

Family planning

The rapid increase in population and the pressure on the limited resources available have brought to the forefront the urgency of problems of family planning. The main appeal for family planning is, however, based on considerations of health and welfare of the family. Family limitation or the spacing of the children is necessary and desirable in order to secure better health for the mother and better care and upbringing of the children. Measures directed to this end, therefore, form part of the public health programme.

All progress in this field depends first on creating a sufficiently strong motivation in favour of family planning in the minds of the people and, next, on providing the necessary advice and service based on acceptable, efficient, harmless and economic methods. But these presuppose (1) intensive studies about the attitudes and motivations affecting family size and techniques and procedures for the education of the public on family planning, and (2) field experiments on different methods of family planning as well as medical and technical research.

The programmes for family limitation and population control should:

(a) obtain an accurate picture of the factors contributing to the rapid population increase in India;

(b) discover suitable techniques of family planning and devise methods by which knowledge of these techniques can be widely disseminated; and

(c) make advice on family planning an integral part of the service of Government hospitals and public health agencies.

A sum of Rs. 65 lakhs has been allocated by the Central Government in the plan of the Ministry of Health for a family planning programme. This programme includes:

(1) provision in Government hospitals and health centres of advice on methods of family planning for married persons who require such advice;

(2) field experiments on different methods of family planning with a view to determining their suitability, acceptability and effectiveness in different sections of the population;

(3) development of techniques and procedures for educating people rapidly on family planning methods;

(4) collection, from representative sections of the population, of information on reproductive patterns and on attitudes and motivations affecting the size of the family;

(5) study of the inter-relationships between economic, social and population changes;

(6) collecting and studying information about different methods of family planning (based on scientifically tested experience in India and elsewhere) and making such information available to professional workers;

(7) research into medical and technical aspects of human reproduction;

With the object of carrying forward the programme of family planning two committees have been recently constituted by the Central Government, one to deal with population policy and the second for research and programmes relating to family limitation.

2. Education

The success of planning in a democracy depends on the growth of the spirit of co-operation and disciplined citizenship and the degree to which it is possible to evoke public enthusiasm and build up local leadership. It is essential for the successful implementation of the Plan that the educational programme should train the individual to place obligations above rights and should help the growth of creative faculties and of critical appreciation.

In the Plan education is regarded in the main as part of the total national effort. Its relationship to other aspects of national life is indicated and priorities for the various educational programmes which have to be implemented are suggested.

In comparison with needs, the available resources are inadequate. This makes it imperative that programmes should be selected carefully, so that the most urgent needs may be met first. Because of the widely varying conditions both in regard to needs and resources in different parts of the country, a uniform order of priorities to be strictly followed everywhere cannot be laid down.

The principal requirements of the present educational situation are the reorientation of the educational system and integration of its different stages and branches; expansion in various fields, especially in basic and social education; improvements of the existing secondary and university education and the devising of a system of higher education suited to the needs of rural areas; expansion of facilities for women's education; training of teachers, especially women teachers and teachers for basic schools; and improvement in the pay scales and conditions of service of teachers; and, finally, assistance to backward States and backward sections of the population whose educational progress has been retarded in the past.

In undertaking these tasks, during the period of the present Plan, in addition to meeting its special responsibilities in the field of higher education, the Centre will assist selected programmes which have national significance and which will help lay a sound foundation for educational advance later when larger resources are available. The role of local authorities and of voluntary organisations needs to be specially emphasised. It is important that they should be assisted

in assuming the maximum responsibility they can shoulder in working out and expanding educational programmes.

The Five Year Plan provides about Rs. 151 crores for education, which comprises Rs. 34 crores at the Centre and about Rs. 117 crores in the States. Much of the Central expenditure on education is in fact incurred in the States, whose resources for development are thus augmented. A sum of Rs. 4 crores for assistance to voluntary social welfare organisations, for the administration of which special arrangements are proposed, is also shown in the Plan under the Central Ministry of Education.

Because of the gap between needs and resources, it is necessary that an increasing share of responsibility for providing social services should be borne by the people themselves. In the case of education specially, there is evidence that the people are willing to make contributions in money, labour, land and buildings for establishing new institutions. It should, therefore be a major aim of the Central and State Governments and of voluntary organisations to harness this enthusiasm by stimulating a spirit of emulation among local communities.

If the educational system is to provide the personnel needed for carrying out planned development on a national scale, it is necessary to improve and re-model the existing institutions on right lines as well as to expand educational facilities to the limit of the available resources. The need for qualitative improvement suggests high priority for experiments and research in improved educational methods, training of teachers and preparation of new literature. Requirements associated with the Plan and the inadequacy of existing facilities indicate high priority for basic and social education, technical and vocational education at lower levels and the development of facilities for training high grade technicians in certain selected fields. In university education, the improvement of standards and the development of post-graduate work and research have to be emphasised. Within these general considerations, suggestions are offered for developing different aspects of the existing educational system.

Pre-school education

In the field of pre-school education, it is proposed that the Central Government should promote programmes such as research in evolving methods suited to Indian conditions, training of teachers, and assistance to private agencies to carry their work into rural areas and running model institutions.

Basic and primary education

The Plan contains recommendations for improving the existing system of primary education and expanding the basic system. The need to improve the techniques of basic education and to develop methods for training teachers who have somewhat lower educational qualifications is stressed. It is suggested that a set of model basic institutions should be established in each of the Part 'A' and Part 'B' States and, among Part 'C' States, in Delhi. These would comprise some pre-basic and basic schools, a post-basic school, a teachers' training school and a teachers' training college. One of the main tasks of these institutions would be to develop a spirit of self-help and co-operation in the school community and to use the school as a base for the reconstruction of the local community. The limitations of the prevailing system of primary education are well-known. It is, therefore, better to devote new resources to the building up of a system of basic education and to the introduction of crafts in existing primary schools as a first step towards their conversion into basic schools. This is a task of enormous magnitude and, in particular, calls for large-scale programmes for training craft teachers.

Secondary education

A commission has been recently appointed by the Central Government to consider fully the present system of secondary education. The Plan does not, therefore, go into this subject in much detail. It stresses, however, the need for varying educational courses to suit different aptitudes and to enable the large majority of persons to fit into some vocation after completing their school career. A large number of multi-purpose high schools are, therefore, needed. In these, encouragement may be given, in particular, to agriculture and allied activities and to cottage and small-scale industries.

University education

A proposal for setting up a university grants commission on the lines proposed by the University Commission two years ago has been accepted by the Central Government and various details connected with it are under consideration.

Over-crowding in university institutions is a problem which causes considerable concern for the very future of education in the country. Some suggestions to meet this admittedly difficult problem are offered in the Plan. The need to apply suitable tests for selecting those who should receive university education and to draw as large a proportion of students as possible into gainful occupations before they reach the university stage is stressed. It is also suggested that

facilities for private study should be provided on a much larger scale than at present. The fact that the possession of an examination degree has long been an essential qualification for entering into many grades of public service has been an important factor in creating congestion and thereby reducing standards in university institutions. It is desirable that recruitment to the public services should be by competitive tests and the non-possession of a degree should not be an absolute bar to taking a competitive examination. In the discussion on education, attention is drawn to the need for balanced courses of study at the university stage. It is also recommended that at least one rural university should be established both for experimental purposes and for meeting the requirements of higher education, especially in relation to rural areas.

Social education

In a country in which so large a proportion of the population lacks literacy, the growth of social education has a vital significance for national development. In the Central Government's plan Rs. 7·5 crores are provided for social education. Several States also have social education programmes and in some of them much valuable work has been done. A number of suggestions for expanding social education programmes are made in the Plan. All forms of group activity offer opportunities for social education such as, for instance, the work done by village panchayats, co-operative societies, trade unions, etc. It is useful to try and organise social education programmes in such a way that the needs which are felt to be urgent in any area are taken up first and, at the same time, through the success of these programmes increased resources are created for further development. Economic activities which are carried on co-operatively are invariably a favourable point at which to start. In this connection, trained community organisers can make a considerable contribution. Every school or college should serve as an agency for extending social education in the neighbourhood.

Professional education

Various aspects of professional education are dealt with in the Plan. During the past few years there has been considerable expansion in the facilities available for engineering and technological education, mainly at the degree and diploma levels. Among the aspects concerning which recommendations are made in the Plan are.—

(1) development of facilities for research and post-graduate work;

(2) provision of courses in printing technology, woollen textiles technology, silk textile technology, etc.; also for business management and industrial relations;

(3) reorientation of some of the existing institutions so as to train students for the national certificate courses of the All-India Council for Technical Education;

(4) expansion of training facilities at the artisan and craftsman level and provision of apprenticeship schemes;

(5) organisation of refresher courses; and

(6) establishment of rural training centres for raising the skills of village artisans.

Women's education

Problems concerning women's education receive considerable attention in the Plan. It is recommended that while women should have equal opportunities with men in various fields of education, special attention should be given to those in which they have marked aptitudes. For advancing women's education it is important that extensive opportunities should be afforded to them for private study and for taking the higher examinations as private candidates. The organisation of short-term courses for women in general education and in crafts is also recommended.

Manual work and social service by students

The Plan provides a sum of Rs. 1 crore for youth camps and labour service for students. It is proposed that students between the ages of 18 and 22, except when they are exempted on medical grounds, should devote a period to disciplined national service. This would help in their development as workers and citizens. In the present system of education manual work finds scarcely any place and this has important consequences for national development. It is, therefore, proposed that while some manual work should be encouraged as a daily routine, at some stage during the course of education, a period which may extend from six months to a year should be spent in manual activity. This could be organised, for instance, in relation to community projects, irrigation works, roads, slum improvements, sanitation projects, etc. The significance of labour service will increase in the measure in which it is related to the real needs of the community for, in turn, it will help to create an emotional awareness among students for tasks of national reconstruction. It is proposed that a beginning should be made with small groups, for instance, students taking the Master's degree, and for periods varying from three to six months. As experience is gained and more funds become available, the scheme could be expanded. Also, to begin with,

the scheme should be undertaken on a voluntary basis with a degree of encouragement. A period of preparation and experiment is needed before labour service can be made compulsory for all students.

3. Labour

Labour problems should be approached from two angles; the welfare of the working class and the country's economic stability and progress. The basic needs of the worker for food, clothing and shelter must be satisfied. He should also enjoy improved health services, wider provision of social security, better educational opportunities and increased recreational and cultural facilities. The conditions of work should be such as to safeguard his health and protect him against occupational and other hazards. He should be treated with consideration by the management and he should have access to impartial machinery if he fails to get a fair deal. Finally, he should have freedom to organize and adopt lawful means to promote his rights and interests.

Most of these rights have been recognized and have found a place in the Constitution. The Central and State Governments are alive to them. Some of the laws relating to factories, trade unions and compensation for injury and death have existed for a long time; but the pace of progress has quickened since Independence and many measures for the welfare of workers have been introduced. Mention may be made of the Coal Mines Provident Fund and Bonus Scheme Act, the Minimum Wages Act, the Employees State Insurance Act of 1948, the Plantation Labour Act, 1951, the Mines Act and the Provident Fund Act of 1952. In addition to the funds allotted for housing and for the resettlement schemes for landless agricultural workers, about Rs. 7 crores are intended to be spent on labour welfare during the period of the Plan by the Central and State Governments.

The response of the workers to the measures taken has been satisfactory as will be evident from noticeable increases in industrial production and decrease in strike activity during the past year and the first half of 1952. With regard to industrial relations there has been an increasing tendency for the parties to rely more and more on internal settlement as is manifest by the constitution of a joint consultative board on a bipartite basis and the proceedings of the recent Indian labour conference.

The improvement of the economic conditions of the workers might have been greater had it not been for the rise in prices and the failure of industry in many cases to renovate and modernise plant and to rationalise the management.

The recommendations made in regard to labour fall under the following heads:—

(i) industrial relations,

(ii) wages and social security,

(iii) working conditions,

(iv) employment and training,

(v) productivity.

(i) Industrial relations

(a) *Private sector*—The targets of the Plan in the industrial sector require harmonious relations between capital and labour. Economic progress, in other words, is bound up with industrial peace.

The employer-employee relationship is essentially a partnership to promote the community's economic needs. The dignity and role of the worker in such an endeavour must receive due recognition. Industrial relations must therefore be so developed as to enable the worker to take a greater share in the working of the industry. Accordingly, there should be the closest collaboration at all levels between employers and employees for increased production, improvement of quality, reduction of costs and elimination of waste.

The worker's right to association, organisation and collective bargaining should also be accepted as fundamental to the mutual relations of labour and capital. Trade unions should therefore be welcomed and helped as part and parcel of the industrial system. When differences arise, they should be settled in a spirit of reasonable compromise, keeping the good of industry and the welfare of the community in view. As a last measure, differences should be resolved by impartial investigation and arbitration. At times, the State may even have to intervene and impose a settlement, although the efforts of the parties should be to secure internal settlement of disputes.

The object of arbitration and adjudication should be to bring about a just settlement of disputes. For this purpose, legal technicalities and formalities of procedure should be reduced to the minimum, the machinery and procedure should be adapted to the varying needs, and there should be no appeal from decisions of an industrial court or tribunal barring the very exceptional case of a decision which may be found to be perverse or against the principles of natural justice.

'Norms' and standards which may govern mutual relations and dealings between employers and workers and for the settlement of industrial disputes should be laid down by a tripartite machinery consisting of the Government, employers and workers' representatives and, in the absence of agreements in the tripartite body, by the Government alone. Such agreements and decisions may be issued as directives binding upon courts and tribunals.

Avoidance of disputes.—In order to avoid disputes the duties and responsibilities of employers and workers should be laid down in specific terms. Every industrial undertaking should therefore have a manual of instructions for different classes of operatives. A procedure should be laid down to enable workers to approach the authorities at different levels for the redress of their grievances. They should also be kept in touch with the state of the industry and the affairs of the establishment in which they work. Similarly, they should be informed of any change that may affect their interests. The employees must also be able to indicate their desire for a change in the conditions of work. This will prevent precipitate action. Direct action on either side which violates this obligation should be punishable by law.

Social contacts should be promoted among the workers in an industry. The supervisory staff, technicians and welfare officers should try to create cordial relations and mutual goodwill and understanding among them. Joint committees at various levels should periodically review developments in an industry as well as matters of common interest.

Settlement of disputes.—Work committees should be set up for settlement of differences on the spot, while joint committees should function for a centre and for the industry as a whole to tackle questions of wider import.

Collective bargaining can be successful only if the workers have organised strength and the employers a genuine desire for settlement. Should a dispute continue, the State must step in with an offer of conciliation. In major issues, it may be necessary to appoint *ad hoc* or standing conciliation boards. Panels may be formed of non-official conciliators also. An official enquiry to elicit information or educate public opinion about the merits of a dispute may follow in other cases.

If a dispute is not settled by conciliation, arbitration may be necessary. For important industries separate wage boards would be found useful. A Central tribunal should be set up to deal with disputes of an all-India character.

(b) *Public sector*—Public undertakings differ from those under private ownership in many respects. The profit motive and the exploitation of workers for private gain have no place in a State-owned enterprise. A worker in a public undertaking has indeed the dual role of master and servant—a master as a citizen and a servant as a worker.

To arouse the worker's enthusiasm for the success of public undertakings, justice and fair play should be the rule. Wages in public undertakings should not be less favourable than those in private concerns. The working conditions and welfare arrangements should also serve as models.

Furthermore, the board of directors in a public undertaking should contain a few people who understand labour problems and have sympathy for the workers' aspirations. The benefits of all labour laws should be extended to the workers in public undertakings also, unless the workers concerned are in enjoyment of equal or greater benefits.

Role of trade unions and employers' associations—For the successful execution of the Plan, the co-operation of the trade unions and employers is indispensable.

Such co-operation can take several forms. For instance, by discussing the Plan with the unions and employers, enthusiasm for the Plan can be created among them. Again, the unions can help in the maintenance of industrial peace, and in avoiding interruption of work and in increasing production while the Plan is being executed. The employers can also consult the workers on the employment of new machinery, methods of production and reduction in the costs of production.

Side by side, the trade unions should be asked to increase the scope of their work by devoting more time to welfare and cultural activities, especially in organising and running consumers' and credit societies. The employers on their part could help such activity by providing facilities, such as accommodation, clerical help, loans, etc.

Finally, the trade unions and the employers' representatives should be associated at various levels. The workers should be made to feel that they are playing their part in carrying out the Plan and that the rise in their own standard of living as well as that of the common man depends on them.

(*ii*) *Wages and social security*

(a) *Wages*—In recent years prices have risen rapidly. Industrial profits have also increased considerably and organised labour has obtained substantial increases in wages. To check inflation, however, profits and wages will need to be controlled to some extent during the period of the Plan.

The excess profits tax and certain restrictions on dividends helped to check the distribution of large dividends during the war and for a short period afterwards. Similar control should now be imposed on the remuneration of management, the distribution of profits and the issue of bonus shares.

An increase in wages at this juncture may injure the country's economic stability by raising the costs of production. The volume of employment may also be affected adversely. Wage increase should therefore be avoided except to remove anomalies or where the existing rates are abnormally low or if increased productivity can be obtained from renewal or modernisation of plant, or to restore the pre-war real wage.

Concerning the wage policy which should guide wage boards or tribunals, the principle should be to reduce disparities of income. The worker must have his due share in the national income; and the standardisation of wages should be accelerated and extended. The differences in wages between various jobs should be ironed out as far as possible, except when they are justified by differences in skill, training and experience, mental and physical requirements, attendant hazards, etc. Furthermore, a scientific assessment should be attempted of the relative work-load in different occupations and industries. Full and effective implementation of the minimum wage legislation is to be secured during the five-year period. Depressed areas are to receive prior attention. The question of profit sharing and bonuses needs expert study. The payment of bonuses in cash should be restricted and the balance should go towards the worker's savings.

Finally, the constitution of permanent wage boards on a tripartite basis is visualised at the Centre and in the States to deal with wage problems, collect data and review the position from time to time for purposes of wage adjustments.

(b) *Social security*—The man-days lost through sickness and disability result in a heavy drain on the wage-earner's meagre resources and a reduction in industrial output. The lack of social security prevents the building up of a stable and efficient labour force.

The Workmen's Compensation Act and Maternity Benefits Acts of the various State Governments cover some of the risks to which the worker is exposed. The Employees' State Insurance Act is a more comprehensive measure and insures risks of sickness, maternity and injury during employment. In view of the administrative and other problems associated with a new piece of legislation, efforts should be directed during the period of the Plan mainly to the proper implementation of this Act and to placing its operations on a sound and sure foundation.

The Provident Fund Act, 1952 is another measure which provides for the future of the workers and it applies at present to six major industries. A programme for its extension to all the industries employing 50 or more persons should be drawn up.

(iii) Working conditions

The working conditions in factories require to be improved considerably. On the legislative side the Factories Act, 1948, the Plantation Labour Act 1951, and the proposed legislation to regulate work in shops and establishments, and motor transport services are sufficient for the purpose.

With regard to factories the main emphasis should be on a proper implementation of the Factories Act by strengthening the factory inspection staffs and by giving more attention to the social aspects of the legislation and to areas and industries where sub-standard conditions prevail. Other measures to achieve the same object should be the setting up of a national museum of industrial health, safety and welfare and the provision of an industrial health service.

Although the Plantation Labour Act, 1951, is a far-reaching measure for the amelioration of the conditions of plantation labour, some other measures which are considered to be necessary are the abolition of the 'kangani' system, and the establishment of cottage industries to supplement to earnings of plantation workers. The possibility of the application of the Provident Fund Act to plantations should also be examined.

(iv) Employment and training

The proper utilisation of manpower is a question of the utmost importance, because production depends upon a steady flow of labour of requisite skill in required quantities. Although some progress has been made in this direction by the organisation of an employment service and provision of more facilities for training of workers, much still remains to be done. Recruiting arrangements need to be improved. An enquiry is in progress in regard to the employment exchange organisation with a view to placing it the

system on a sound footing. A beginning should be made in conducting manpower surveys. Better co-ordination of the training facilities should be brought about and proper tests and standards for technical training should be laid down.

In order to reduce costs of production, rationalisation in industries where labour is surplus to requirements should be carried out subject to certain safeguards in the interests of workers. The main safeguards necessary are: musters should be standardised and work-loads should be fixed on a scientific basis; surplus workers should be found employment in other departments; gratuity should be offered as an inducement to retire voluntarily; the workers should be offered facilities for retraining for other occupations, the Government bearing the cost of training and the management undertaking responsibility for the worker's maintenance. The gains of rationalisation should be shared between workers and employers.

(v) *Productivity*

It is the view of some employers that the productivity of labour is steadily going down. The workers, however, do not accept this as a fact. The existing organisation and methods of work, job classification and wage scales are to be studied shortly with a view to suggesting improvements so as to increase efficiency and productivity.

Closely allied with this subject is the training-within-industry programme. The scheme is intended to improve supervisory skill by three separate measures, namely, job instruction, *i.e.* to develop skill in workers in their particular operations; job relations; *i.e.* to develop skill in the management of personnel; and job methods, *i.e.* to develop skill in improving working technique. These studies are in progress at some industrial centres and should be further developed.

4. Housing

A number of recommendations have been made in regard to the housing problem. These include housing policy, housing standards and estimates of cost, slum clearance, town and country planning, rural housing, housing research and such legislation as may be needed for the implementation of the recommendations. Apart from the haphazard growth of houses in most of the towns in India the number of houses is very inadequate. Information collected from 37 important towns in India show that out of a population of 1·7 million engaged in large-scale industries over 4 to 5 lakhs are without accommodation. The advance figures supplied by census authorities of 1951 show that the population of 74 cities in India increased by 74 lakhs in the decade 1941 to 1951 while the population of smaller

towns increased by 140 lakhs during the same period. When it is realised that conditions of housing in 1941 in industrial towns were far from satisfactory, the gravity of the housing problem will be apparent.

A total provision of Rs. 48·69 crores has been made for housing in the Plan. Of this, the Central expenditure will amount to Rs. 38·5 crores and the State expenditure to Rs. 10·19 crores.

In house building the first priority is for building of houses in industrial centres where congestion and shortage are very acute. In this sphere the Central Government would assist, leaving State Governments to give greater attention to the rural areas.

It is proposed that the quantum of loans and subsidies paid in the past for house building purposes should be increased and the subsidies paid to the State Governments for construction of houses for industrial workers should be to the extent of 50 per cent. of the cost of construction including land. The balance of 50 per cent. should be advanced by the Central Government as a loan at the Government's rate of borrowing plus the cost of servicing such loans. The Central Government's loan should be repayable within a period of 25 years.

In addition to the subsidy and loans to the State Governments the Central Government will also assist employers of labour and cooperative housing societies of industrial workers. In these cases, the extent of subsidy will be 25 per cent. of the total cost of construction including land. In addition, loans will be allowed up to 37½ per cent. of the actual cost of construction at a reasonable rate of interest. The repayment of these loans will be over a period of 15 years. The basis of the payment of loans and subsidies in all cases is the estimated cost of construction of single-storeyed tenements which is Rs. 2,700 and of units of multi-storeyed tenements which is Rs. 4,500. It is hoped that cooperative housing will not only bring forth a certain amount of private capital into housing but will also open the way for aided self help in the construction of houses, thus reducing the cost of construction.

Other specific recommendations include:—

(a) There should be a certain minimum standard for housing for smaller towns as well as for large cities;

(b) Local authorities should be assisted in the clearance of slum areas and for acquisition of land for the construction of houses by giving them loans at a reasonable rate of interest;

(c) Improvements in the standards of rural housing will have to be carried out largely with local materials and local labour with a modicum of technical assistance.

The establishment of a national building organisation for co-ordinating the results of research in building techniques and its implementation by all building agencies is suggested. In addition, a central housing board and regional housing boards should be constituted for carrying out housing programmes. These boards should be statutory autonomous bodies with independent sources of income, apart from the subsidies which may be available from the Central and State exchequers from time to time.

Legislation for national town and country planning

Suitable modifications in the Land Acquisition Act, 1894, have been suggested with a view to facilitating the acquisition of slum areas and virgin lands required for construction of new houses.

5. SOCIAL WELFARE

The principal social welfare programmes relate to women, children, youth, family, under-privileged groups, physically and socially handicapped sections of the population and to problems relating to social vice.

It is envisaged that within the limitations of their resources the Central and the State Governments and the local authorities will strive to undertake more direct responsibility in respect of social welfare than hitherto. The voluntary agencies will have to share the major burden in this field. The role of voluntary social service organisations in social welfare is emphasised in the Plan. A sum of Rs. 4 crores has been provided in the Plan for strengthening, improving and expanding the nature and scope of their welfare activities. In order to administer this fund it is proposed to set up a social welfare board enjoying a great deal of administrative authority and composed largely of non-officials having actual experience in the field of voluntary welfare work.

The Plan indicates the need for co-ordination between the various voluntary agencies so as to ensure effective use of personnel and success in the collection of funds. Co-ordination has to be secured on a functional basis between different national organisations and also between different agencies co-operating in local programmes.

Training for social work

Organised training for social work is still in the early stages. For adequate implementation of the Plan the need for training various types of personnel and for research into programmes and techniques

has been stressed. Training should also be arranged at community level for field workers, inspectors and supervisors.

Social research

The existing knowledge of many basic social problems is far from adequate. The Plan provides a sum of Rs. 50 lakhs for research and investigations relating to social, economic and administrative problems of national development.

Social legislation

One of the important methods of bringing about progressive social changes is by social legislation. It is indicated that appropriate machinery should be set up to examine and review the existing social legislation and to suggest the necessary modifications. Adequate measures for enforcement backed by enlightened public opinion are pointed out as essential factors for any piece of social legislation to be effective.

Resources for voluntary agencies

While the State may assist suitable voluntary agencies, in the main, the latter should depend upon themselves and should try to obtain the maximum support from the local community served by them. By adopting the right methods of work they could secure a greater response from the community. In respect of endowments and trusts which have large resources at their disposal it is suggested that an enquiry be undertaken with a view to suggesting suitable legislation for appropriate use of these funds for the execution of welfare programmes.

Women's welfare

The main burden of organised activities for the welfare of women is to a large extent borne by voluntary agencies. Valuable work has been done in this field by the All India Women's Conference and a number of other organisations. The Madras and Uttar Pradesh Governments have already undertaken women's welfare programmes on an extensive scale and have set up special departments for women's welfare.

Child welfare

Social welfare agencies have a vital part to play in dealing with the problems of health, growth and care of the child. Among the aspects which need special attention are:

(1) the need to supplement the diet of children, especially in the case of under-nourished children in schools and other institutions;

(2) pilot projects for dealing with the problem of feeble-minded children;

(3) child guidance clinics;

(4) organisation of creches to look after the children of working mothers;

(5) maintenance and management of playgrounds;

(6) organisation of children's centres, providing well-equipped playground, liberary of juvenile literature, a stage and facilities for developing child arts and crafts;

(7) organisation of institutions for the welfare of handicapped children (orphans, deserted or destitute). It is suggested that the orphanages and other similar institutions should be registered and supervised.

The Plan also refers to the problem of juvenile delinquency and to the draft model legislation recently prepared by the Central Government. The need for uniform legislation as well as for a suitable agency for enforcing such legislation is stressed and the formation of juvenile aid committees in cities is also suggested.

Finally, the Plan refers to the need for greater co-ordination and better leadership for the several hundred child welfare organisations existing in India. The Indian Council for Child Welfare has drawn up a comprehensive programme which includes the establishment of a national centre of child welfare work.

Youth welfare

Assistance by the Government to existing youth organisations and organisations working for the welfare of youth is recommended in the Plan. The youth movement programme includes the setting up of a national council of affiliated youth organisations with a well-organised national headquarters. Encouragement to the scout movement is also indicated, along with other youth and children's organisations, the National Cadet Corps, youth camping and travelling programmes and other group activities. Mobilising the service of youth for constructive nation-building activities has been recommended and a sum of Rs. 1 crore provided for this purpose.

National physical fitness

National physical fitness is an essential aspects of the programme for social welfare. It is envisaged that an expert committee could evolve national standards of physical fitness for various age groups and for different regions. Educational authorities and organisations

devoted to the promotion of physical fitness could provide facilities to bring these standards within the reach of youth. It is also proposed that one of the existing physical education institutions should be converted into a national institute. Considerable emphasis is laid on the need for playgrounds. India has yet to make much headway in the field of sports and steady support and encouragement is needed. Community programmes could also contribute materially towards the development of indigenous games of which India has a large variety.

Family counselling survey

In view of the importance of the family as the basic unit of the community, the Plan stresses the need for organising family welfare services, particularly amongst those sections of the population where the strain is felt most. Family counselling and case work to be followed up by organised assistance are mentioned among the methods by which family welfare could be promoted.

Welfare of the physically handicapped

For the care, protection and rehabilitation of the physically and mentally handicapped persons it is considered necessary to survey the extent of these problems and to strengthen voluntary agencies working in this field. The problem of physically-handicapped persons is one of enormous size. While some provision exists in a number of States, in the main, it is by encouraging and assisting voluntary associations that welfare programmes for the physically-handicapped persons can be carried out with success.

Social vice

India is a signatory to the international agreement for the suppression of traffic in persons. The Plan recommends measures for combating this evil. It is proposed that an advisory committee may be set up to review the progress in different States regarding the prevention and treatment of social vice. A number of other suggestions are also offered for ensuring effective enforcement of the law such as strengthening of vigilance associations and creation in particular areas of a special vigilance staff in the police forces. The Plan recommends central legislation with effective machinery for enforcement working in cooperation with voluntary welfare agencies.

Crime and correctional administration

A number of useful steps have recently been taken by States to bring about improvements in penal administration. The problem of correctional administration has to be dealt with in its three aspects: (1) pre-committal stage; (2) the administration of correctional institutions; and (3) probation and aftercare.

It is proposed that the administration of police lock-ups and jails should be reviewed and jail manuals should be suitably revised. Suggestions are also offered for utilising prisons to an increasing extent as agencies for the rehabilitation of prisoners. It is further proposed that prisons and jails should be re-conditioned so as to provide proper arrangements for different classes of prisoners such as women convicts, young offenders, etc. Voluntary agencies such as prisoners' aid societies and probation and after-care associations can play a very useful part in this field. Finally, it is recommended that a National Bureau of Correctional Administration should be established by the Central Government. This Bureau could study problems relating to the administration and programmes of correctional institutions in the States, undertake experimental work and pilot projects and function as a centre for information and guidance.

Community approach in social welfare

The field of social welfare will expand in the measure in which local communities accept responsibility for solving their own problems. Community welfare programmes embody four inter-linked ideas, namely (1) self-help and mutual service, (2) maximum use and development of local resources through organised community life, (3) economic betterment and cultural development through social participation in co-operative effort, and (4) achievement of community objectives with minimum assistance from the State. These ideas are applied in different fields of social welfare. Community programmes hold high promise both in rural and urban areas. The rural community programme has been described earlier. Its aim is to transform not only the technical environment in the villages but also social and economic relations and attitudes within the village community. There is no section of the rural community which stands outside the influence of this programme. Urban life tends to shift the emphasis from the community to the individual with all the consequences that this implies. There is, therefore, considerable need to establish community centres through which local urban groups can survey their own urgent social and economic needs and seek solutions through co-operative effort. The work of such groups can make a vital contribution towards raising the level and enriching the content of urban life.

6. Welfare of Backward Classes

The Plan provides about Rs. 29 crores for the welfare of backward classes, in addition to Rs. 9 crores by way of grants by the Central Government under Article 275(1) of the Constitution and Rs. 3 crores for the tribal people in the North East Frontier Agency. The total

outlay of Rs. 41 crores for backward classes has of course to be considered as part of much larger regional programmes which would also help the development of these sections of the population. Backward classes include (1) scheduled tribes who number about 18 million, (2) scheduled castes who number about 50 million and (3) other backward classes, including criminal tribes. The last group, which is believed to number over 5 million, has not yet been precisely defined and a Backward Classes Commission is to be shortly appointed.

Several State Governments have substantial programmes for the welfare of scheduled castes. Special emphasis is laid on assistance in education. Untouchability has already been abolished and its practice is forbidden by the Constitution.

With the growth of communications, the tribal areas have come nearer to the outside world and their social life bears the impress of extraneous influences. The general aim of policy, therefore, is to assist the tribal people to develop the natural resources of the areas which they inhabit and to evolve a more productive life without exposing themselves to exploitation at the hands of more organised economic interests. It is realised that changes in their religious and social life should come at the initiative of the tribal people themselves. There are many features of their social life which should not only be retained but developed. Development programmes in tribal areas include special schemes relating to roads, water supply, introduction of settled agriculture, health, education and handicrafts. It is of course important that in drawing up schemes as well as in imparting instruction careful attention should be given to the tribal background and new ideas should in no case be forced on the tribal people.

Among the group of other backward classes, special mention may be made of the criminal tribes. This group was made up of some 198 nomadic tribes, (many of which could not be properly labelled as criminals), who have not been able to adjust themselves to the proprietory conventions of a settled economy. The Criminal Tribes Acts, throughout the country were repealed in August, 1952. A new policy has now to be evolved for meeting the problems presented by these communities. They will in future be treated as backward classes and special efforts have to be made to achieve their economic rehabilitation.

7. Rehabilitation of Displaced Persons

After the partition of the country in August, 1947, nearly 5 million Hindus and Sikhs living in West Pakistan migrated to India. At the same time, nearly 1·5 million displaced persons came over from

East Pakistan. According to the 1951 Census, about 7·5 million persons, 4·9 million from West Pakistan and about 2·6 million from East Pakistan, moved into India.

Rural rehabilitation

Agricultural lands which were left by Muslim evacuees were allotted to displaced persons from West Pakistan on a quasi-permanent basis in Punjab and Pepsu and on a temporary basis in other parts of India, especially in the States of Delhi and Rajasthan. A small proportion of displaced persons were also settled on recently reclaimed lands. Displaced persons from West Pakistan had left behind 6·7 million acres, whereas the area abandoned by Muslim evacuees in the Punjab and Pepsu was 4·7 million acres, or in terms of 'standard acres' (into which differences in quality of land and differences in rights were reduced) 3·9 and 2·4 million respectively. This gap of nearly 1·5 million 'standard acres' was made up by applying steep graded cuts on a slab system.

Most of the agriculturists from West Pakistan have been settled. In the case of displaced persons from East Pakistan nearly 70 per cent. have been settled in the eastern States on land and in occupations ancillary to agriculture.

Urban resettlement

The problem of urban resettlement has been one of considerable complexity due to the essential difference in the economic pattern of the incoming and outgoing population. Besides, the urban economy in India does not offer scope for quick expansion and absorption of new elements.

The Government of India have built 1,50,000 houses and tenements at a cost of Rs. 38 crores upto the end of March 1952. Another 50,000 houses at a cost of Rs. 21 crores are expected to be built in the course of the next two years. About 1·5 million persons have already found accommodation in evacuee houses.

Building activity on private account was promoted by granting building sites and building loans to displaced persons and to co-operative societies. This has helped the growth of new townships.

In the eastern States, emphasis was laid from the beginning on private initiative and displaced persons were given developed plots and urban loans on a fairly large scale. The Government undertook only a limited building programme.

Gainful employment of displaced persons has been largely achieved by providing service under the Government and imparting technical and vocational training to those fit for it, by allotment and construction of business premises and industrial undertakings, by grant of loans for small as well as large-scale businesses and by grant of financial assistance for school and college education covering arts, science and technical courses.

Other rehabilitation measures

The Government have also endeavoured to assist displaced artisans, businessmen and professional persons by granting small loans upto Rs. 5,000 each. Altogether 1,58,000 displaced persons from West Pakistan and 44,000 from East Pakistan had received loans upto the end of March, 1952, and it is estimated that about 15,000 and 11,500 families, will receive loans in 1952-53 and 1953-54 respectively.

The Rehabilitation Finance Administration advances loans for larger business undertakings. Upto 1952 the Administration had sanctioned Rs. 8·25 crores in favour of 9,621 persons, of which Rs. 4·17 crores were actually disbursed. During 1952-53 the Administration expects to disburse about Rs. 2 crores and during 1953-54 about Rs. 3 crores.

There are 74,000 displaced persons—about 38,000 from West Pakistan and about 36,000 from East Pakistan—who are being looked after by the Government as a permanent measure, mostly in 'homes' and 'infirmaries'. They consist of destitute, old and infirm persons and their dependents and unattached women and their children.

Persons who had immovable property in West Pakistan and have found no means of livelihood in India were granted a special maximum allowance upto Rs. 100 per month. Under this scheme, allowances are being given to 16,000 persons every month.

A special board has been set up for the rehabilitation of displaced Harijans and under the aegis of this board employment has been found for about 8,800 displaced Harijans and accommodation in urban areas to the extent of 1,123 houses and tenements. The Board has also helped 16,259 Harijan families in the matter of allotment of land and rural loans and provided 2,403 huts in the rural areas.

Expenditure on rehabilitation

Upto March, 1952, the Government had incurred a total expenditure of Rs. 90·54 crores on rehabilitation (as distinct from relief) of displaced persons. Rs. 27·81 crores are proposed to be spent during 1952-53 and Rs. 29·14 crores during 1952-53.

The situation in the eastern States fluctuates fitfully and it is not possible to forecast the likely expenditure on displaced persons from East Pakistan beyond 1953-54. The present scale of annual expenditure which is of the order of about Rs. 11 crores will have to be maintained if conditions remain normal. If conditions in East Pakistan worsen, the magnitude of the problem and therefore of the effort, will be correspondingly greater.

Compensation for displaced persons

There has been so far no agreement between India and Pakistan on the disposal of evacuee property. Owing to the urgency of the problem of rehabilitation and the fact that evacuee properties, particularly in urban areas, tend to deteriorate, certain steps in the direction of giving a measure of compensation to displaced persons have been taken. The quasi-permanent allotment of land in Punjab and Pepsu has already been mentioned. The problem of urban properties is more complicated. Tentative proposals for the disposal of evacuee properties and grant of compensation have been recently worked out, but final decisions have yet to be taken.

Rehabilitation and development

The rehabilitation of 7·5 million displaced persons presents numerous special problems but, viewed broadly, it has to be regarded as an essential aspect of the development of the economy of the country as a whole. The programme of rehabilitation is an integral part of the Five Year Plan although necessarily it has to be kept under constant review, in particular, for meeting the exigencies of the changing situation in respect of displaced persons from East Pakistan.

8. Employment

The problem of finding employment for all the able-bodied persons willing to work is common to many countries. The causes and the extent of unemployment may, however, differ from country to country. In India, in common with other under-developed countries unemployment arises as a result of shortage of land, capital equipment and other complementary resources. On the one hand, there is a shortage of goods and services and on the other, there are insufficient employment opportunities resulting in surplus labour. The problem reduces itself to devising ways and means of utilising this surplus labour for production purposes so as to increase the volume of goods and services available in the country and to raise living standards all round.

To assess the magnitude of the problem in quantitative terms is not at present possible. The only published figures available at present are the registrations and placement of employment exchanges, but the figures cannot give an idea of the total volume of unemployment because of obvious limitations relating to the unspecified character of the coverage, biased representation of various occupations and industries and, above all, because of the limited use that is being made of this agency. In spite of all these serious limitations, the figures published by the employment exchange organisation confirm to some extent the general belief that unemployment has recently increased and that the increase is mostly among the unskilled and clerical categories.

The problem of unemployment and under-employment has been in evidence for a long time. The main factors which have aggravated it are the rapid growth of population, the disappearance of old rural industries, inadequate development of the non-agricultural sector and the large displacement of population as a result of Partition.

One of the main objects of the Plan is to increase employment opportunities and to raise the standard of living of the masses. Foremost consideration is given to the rural sector on account of the magnitude of the problem there. Among the measures proposed to be taken in the Plan to reduce the incidence of rural unemployment mention may be made of the major and minor irrigation works, large-scale land reclamation schemes and the revival and development of village industries and handicrafts, all of which have found a central place in the rural development programmes because of their potential for absorbing a large number of people and of low capital and skill requirements. The financial provision for this is Rs. 15 crores, which may be supplemented by small cesses proposed on certain large-scale industries. Two other measures, viz. extension of mixed farming and the undertaking of public works programmes in slack agricultural seasons require to be studied in relation to the employment opportunities.

Urban areas are also confronted with the same problem, which has been made worse after the end of the war because of the difficulties faced by a number of small-scale industries. The solution to this lies to some extent in the extension of the existing large-scale industries and establishment of new ones. Along with this, suggestions are made in the Plan to assist the existing small-scale industries and also to encourage the starting of similar new industries, especially those industries which can serve as complementary to large-scale industries.

The question has frequently been raised as to what would be the quantitative effect of the Plan on employment. For this purpose, a large mass of statistical data would be necessary concerning the estimates of available population for gainful occupation, expected volume of employment, volume of unemployment and the manpower requirements in all branches of economic activity. The absence of most of these data makes it difficult to estimate the results of the Plan on the employment situation. However, an attempt is made to work out such estimates, which are admittedly rough approximations and may prove wide of the mark. Subject to this qualification, the additional employment opportunities which may be created in some selected sectors are as follows:—

	Additional employment.
1. Industry including small-scale industries	4 lakhs annually.
2. Major irrigation and power projects	7½ lakhs annually.
3. Agriculture: Due to additional area irrigated.	14 lakhs annually.
Due to repairs to tanks	1½ lakhs annually.
Due to land reclamation schemes	7½ lakhs annually.
4. Building and construction	1 lakh annually.
5. Roads	2 lakhs annually.
6. Cottage industries	20 lakhs annually plus 36 lakhs will be provided with fuller employment.
Tertiary sector and local works	There will be more employment here, but it is not possible to estimate it.

Employment among the educated

The problem of unemployment among the educated in its present form is not new. Between the two wars it assumed serious proportions. The war, to some extent, helped in temporarily relieving this unemployment by providing opportunities of service in the armed forces and in industries serving defence needs, but the end of the war has again brought the problem to the forefront. Partition has further aggravated it. Subject to the comment made

earlier regarding employment exchange figures, the position as revealed by statistics over a period of last five years shows gradual deterioration, especially among clerical cadres. An *ad hoc* enquiry conducted by the Directorate-General of Resettlement and Re-employment last year illustrates that of every 100 unemployed technical persons, only about 12 could be provided with jobs, while in the case of clerical jobs the vacancies were only 4 for every 100 persons who registered.

The Plan places emphasis on increasing agricultural production and, at the same time, on creating a base for industrial expansion. This limits the immediate expansion of employment opportunities for the educated unemployed. Nevertheless, some short-term remedies are necessary to provide relief to this class and the following remedies are, therefore, suggested:

(a) The pay offered to technical personnel, e.g., engineers and doctors should be consistent with the cost of training. Inducements, such as subsidizing of private dispensaries in villages should be offered;

(b) Utility to employers of certain degrees, e.g., in Commerce, can be increased if the present theoretical knowledge imparted in colleges is supplemented by practical training;

(c) Educated persons should be persuaded to rid themselves of prejudice against manual employment and should be encouraged to receive sufficient training for manual jobs.

(d) Young persons without experience may be enabled to receive apprenticeship training. On the other hand, older people may find it difficult to get employment both in public and private service. Some reservation for such persons should be made in public service, while persuasion should be used with private employers to engage such people, especially those with family responsibilities;

(e) Vocational counselling and guidance services should be developed to advise young persons to choose vocations according to employment possibilities.

In addition to these measures, it is necessary that there should be a reduction in the number of job seekers. The following steps may help in this direction:

(a) A list should be made of small-scale industries which could be started by the educated classes with amounts of

capital ranging from Rs. 500 to Rs. 5,000. The Government should help them by advancing loans for the initial capital and by providing vocational training facilities;

(b) A beginning has to be made in having trading estates providing factory sites or built factory premises, with such facilities as transport and the supply of electricity, water, gas, etc. on the lines of those in the United Kingdom. Such trading estates and centres of production are important for the growth of medium as well as small-scale industries. They constitute a major direction of development as the plan proceeds.

APPENDIX

DEVELOPMENT EXPENDITURE UNDER THE PLAN

Statement I.—Development Expenditure Under the Plan: Centre and States

(Rs. lakhs)

Head	Total	Central Government	Part 'A' States	Part* 'B' States	Jammu and Kashmir	Part 'C' States
I. *Agriculture and community development—*						
Agriculture	18,422·2	5,922·2	9,108·2	2,771·0	22·1	598·7
Veterinary and animal husbandry including dairying.	2,228·5	412·0	1,524·6	197·9	15·0	79·0
Forests	1,169·5	200·0	599·8	224·7	10·0	135·0
Co-operation	711·2	50·0	491·7	125·2	...	44·3
Fisheries	464·1	50·5	332·5	72·9	...	8·2
Rural Development	1,047·1	...	674·4	372·2	...	0·5
Community Projects	9,000·0	9,000·0	...	...	...	...
Local Works	1,500·0	1,500·0	...	...	...	...
Programme for scarcity affected areas.	1,500·0	1,500·0	...	...	...	...
TOTAL	36,042·6	18,634·7	12,731·2	3,763·9	47·1	865·7
II. *Irrigation and power—*						
Multipurpose projects	26,590·0	26,590·0	...	...	...	...
Irrigation projects	16,796·5	...	11,234·3	5,013·2	366·7	182·3
Power projects	12,754·0	...	9,374·7	3,135·5	74·9	168·9
TOTAL	56,140·5	26,590·0	20,609·0	8,148·7	441·6	351·2

* Other than Jammu & Kashmir.

Statement I.—Development Expenditure Under the Plan: Centre and States —Contd.

Head	Total	Central Govern-ment	Part 'A' States	Part 'B' States	Jammu and Kashmir	Part 'C' States
III. *Transport and communications*—						
Railways*	25,000·0	25,000·0	...	...	...	...
Roads	10,887·8	3,124·0	5,059·2	1,582·8	494·4	627·4
Road Transport	896·9	...	562·4	96·0	...	238·5
Shipping	1,805·8	1,805·8	...	...	...	...
Civil Aviation	2,287·0	2,287·0	...	...	...	...
Ports and Harbours	3,308·8	3,206·4	26·0	63·0	...	13·4
Inland water transport	10·0	10·0	...	...	...	...
Posts and telegraphs	5,000·0	5,000·0	...	...	...	...
Broadcasting	352·0	352·0	...	...	...	...
Overseas communications.	100·0	100·0	...	...	...	...
Meteorological department.	62·0	62·0	...	...	...	...
TOTAL	49,710·3	40,947·2	5,647·6	1,741·8	494·4	879·3
IV. *Industry*—						
Large-scale industries	14,033·2	12,604·3†	1,025·8	352·5	50·6	...
Cottage and small-scale industries.	2,704·1	1,500·0	764·9	356·9	31·2	51·1
Scientific and industrial research.	461·0	461·0	...	...	...	...
Mineral development	106·1	106·1	...	...	...	...
TOTAL	17,304·4	14,671·4	1,790·7	709·4	81·8	51·1

*The outlay of Rs. 250 crores is additional to the estimated expenditure of Rs. 150 crores to cover the depreciation of assets in the period of the Plan.

†Includes lumpsum provision of Rs. 50 crores for basic industries and ancillary transport expansion; a programme for organising mineral exports is also to be financed out of this provision.

Statement I.—Development Expenditure Under the Plan: Centre and States—Concld.

Head	Total	Central Govern-ment	Part 'A' States	Part 'B' States	Jammu and Kashmir	Part 'C' States
V. *Social services—*						
Education . . .	15,566·1	3,901·6	9,881·0	1,227·4	46·0	510·1
Health . . .	9,954·6	1,787·4	6,350·3	1,238·1	128·2	450·[illegible]
Housing . . .	4,881·6	3,850·0	877·1	87·5	12·0	55·[illegible]
Labour and labour welfare.	691·7	387·3	271·1	20·3	...	1·0
Welfare of backward classes and Scheduled castes and tribes.	2,887·2*	700·0	1,848·1	316·6	...	22·5
TOTAL .	33,981·2	10,636·3	19,229·6	2,889·9	186·2	1,039·2
VI. *Rehabilitation* . .	8,500·0	8,500·0	...	...	...	...
VII. *Works and buildings*	1,102·3	1,102·3	...	...	...	...
VIII. *Finance Ministry schemes.*	439·6	439·6	...	...	...	...
IX. *North-east Frontier agency.*	300·0	300·0	...	...	...	...
X. *Andamans* . .	382·8	382·8	...	...	...	...
XI. *Loans to corporations.*	1,200·0	1,200·0	...	...	...	...
XII. *Miscellaneous* .	1,774·4	650·0	1,003·5	72·0	48·9	...
GRAND TOTAL .	2,06,878·1	1,24,054·3	61,011·6	17,325·7	1,300·0	3,186·5

*This includes Central grants amounting to Rs. 3 crores ; in addition, about Rs. 9 crores are likely to be available by way of grants by the Central Government under Article 75(1) of the Constitution.

Statement II.—Development Expenditure

Head	Assam	Bihar	Bombay	Madhya Pradesh
Agricultural and Community Development—				
Agriculture	276·1	128[illegible]	1748·4	1005·5
Animal Husbandry	12·5	92·5	166·9	98·8
Dairying and Milk Supply	...	1·5	602·1	36·9
Forests	36·3	125·0	83·8	40·8
Co-operation	29·3	39·0	123·2	28·8
Fisheri	6·0	10·6	16·0	5·8
Rural Development	39·3	124·7	131·5	165·9
TOTAL	399·5	1677·6	2871·9	1382·5
II. *Major Irrigation and Power Projects—*				
Multipurpose projects	...	...	...	...
Irrigation Projects	200·0	973·3	2269·0	308·0
Power Projects	83·0	708·0	1,043·0	600·0
TOTAL	283·0	1682·0	3312·0	908·0
III. *Industry—*				
Cottage Industries	25.0	59·2	103·1	9·2
Other Industries	...	60·0	250·6	226·2
TOTAL	25·0	119·2	353·7	235·4
IV. *Transport—*				
Roads	213·0	800·0	1163·6	200·0
Road Transport	31·9	...	200·0	...
Ports and Harbours	...	...	25·0	...
TOTAL	244·9	800·0	1388·6	200·0
V. *Social Services—*				
Education	89·9	570·4	4611·1	1079·3
Medical	173·5	403·9	536·4	267·9
Public Health	17·8	196·0	1116·7	78·2
Housing	...	100·0	77·2	20·0
Labour and Labour Welfare	6·0	20·0	162·3	0·5
Welfare of Backward Classes	509·6	160·0	213·6	136·4
TOTAL	796·8	1450·3	6717·3	1582·3
VI. *Miscellaneous*	...	...	...	...
GRAND TOTAL	1749·2	5729·1	14643·5	4308·2

Under the Plan: Part 'A' States

(Rs. lakhs)

Madras	Orissa	Punjab	Uttar Pradesh	West Bengal	Total
1593·7	205·5	210·7	2,095·9	688·1	9108·2
100·0	52·8	22·0	134·1	74·7	754·3
50·0	9·2	...	20·6	50·0	770·3
38·8	13·1	18·0	165·2	78·8	599·8
100·0	28·9	11·8	130·7	...	491·7
100·0	33·4	...	6·2	154·5	332·5
200·0	10·0	...	...	3·0	674·4
2182·5	352·9	262·5	2552·7	1049·1	12731·2
...	...	...	...	...	...
3408·0	300·0	326·2	1,912·0	1537·8	11234·3
5024·0	391·0	38·2	1,411·0	75·8	9374·7
8432·0	691·0	364·4	3323·0	1613·6	20,609·0
116·9	27·6	48·1	301·5	74·3	764·9
85·1	65·3	15·5	280·7	42·4	1,025·8
202·0	92·9	63·6	582·2	116·7	1790·7
500·0	200·0	75·1	522·4	1,385·1	5,059·2
500·0	200·0	75·1	522·4	1385·1	5059·2
...	20·0	...	120·0	190·5	562·4
...	1·0	...	...	...	26·0
500·0	221·0	75·1	642·4	1575·6	5647·6
800·0	179·5	118·0	1603·8	808·1	9660·1
300·0	78·7	73·9	349·8	1210·2	3394·3
900·0	46·4	50·1	246·1	304·7	2956·0
300·0	...	11·3	145·2	223·4	877·1
...	1·9	1·8	101·5	...	294·1
467·6	116·4	...	236·2	8·3	1848·1
2,767·6	422·9	255·1	2,682·6	2,554·7	19229·6
...	3·5	1000·0	...	...	1,003·5
14084·1	1784·2	2020·7	9,782·9	6,909·7	61,011·6

Statement III.—Development Expenditure

Head	Hyderabad	Madhya Bharat	Mysore
I. *Agriculture and Community Development—*			
1. Agriculture	346·4	750·0	443·0
2. Animal Husbandry	49·6	50·0	53·8
3. Dairying and Milk Supply	1·7	..	..
4. Forests	21·4	50·0	8·3
5. Co-operation	35·3	25·0	7·1
6. Fisheries	8·6	10·0	2·2
7. Rural Development	..	60·0	81·1
TOTAL	463·0	945·0	595·5
II. *Major Irrigation and Power Projects—*			
1. Multipurpose Projects	..	..	..
2. Irrigation Projects	2479·0	328·0	716·0
3. Power Projects	320·6	228·0	1268·0
TOTAL	2799·6	556·0	1984·0
III. *Industry—*			
1. Cottage Industries	25·7	50·0	135·4
2. Other Industries	268·7	5·0	34·8
TOTAL	294·4	55·0	170·2
IV. *Transport—*			
1. Roads	128·6	189·0	320·1
2. Road Transport	..	..	..
3. Ports and Harbours	..	..	..
TOTAL	128·6	189·0	320·1
V. *Social Services—*			
1. Education	263·5	200·0	225·6
2. Medical	117·7	77·0	56·5
3. Public Health	88·2	121·2	158·3
4. Housing	..	14·4	50·0
5. Labour and Labour Welfare	..	4·4	..
6. Welfare of Backward Classes	..	80·0	100·0
TOTAL	469·4	497·0	590·4
VI. *Miscellaneous*	..	..	..
GRAND TOTAL	4155·0	2242·0	3660·2

Under the Plan: Part 'B' States

(Rs. lakhs)

Pepsu	Rajasthan	Saurashtra	Travancore-Cochin	Total	Jammu and Kashmir
364·9	109·2	212·4	545·1	2771·0	22·1
10·0	18·3	10·4	2·5	194·6	15·0
..	..	1·6	..	3·3	..
43·6	21·8	19·6	60·0	224·7	10·0
15·0	3·0	31·8	8·0	125·2	..
2·4	..	34·7	15·0	72·9	..
..	15·0	216·1	..	372·2	..
435·9	167·3	526·6	630·6	3763·9	47·1
..	..	..	..	..	..
34·0	503·6	474·6	478·0	5013·2	366·7
30·6	40·8	212·5	1035·0	3135·5	74·9
64·6	544·4	687·1	1513·0	8148·7	441·6
4·4	38·5	13·9	89·0	356·9	31·2
27·3	..	0·9	15·8	352·5	50·6
31·7	38·5	14·8	104·8	709·4	81·8
95·1	400·0	300·0	150·0	1582·8	494·4
..	1·0	53·0	42·0	96·0	..
..	..	33·0	30·0	63·0	..
95·1	401·0	386·0	222·0	1741·8	494·4
89·9	263·5	164·9	20·0	1227·4	46·0
56·0	82·0	71·5	120·0	580·7	46·0
29·0	135·5	73·7	51·5	657·4	82·2
2·0	2·0	9·1	10·0	87·5	12·0
..	5·0	10·9	..	20·3	..
10·0	42·2	24·4	60·0	316·6	..
186·9	530·2	354·5	261·5	2889·9	186·2
..	..	72·0	..	72·0	48·9
814·2	1681·4	2041·0	2731·9	17325·7	1300·0

Statement IV.—Development Expenditure

Head	Ajmer	Bhopal	Bilaspur	Coorg
I. *Agriculture and Community Development*—				
Agriculture	48·4	173·0	7·0	..
Animal Husbandry	9·6	7·0	1·1	..
Milk Supply	..	..	..	1·0
Forests	10·6	20·0	5·0	—
Co-operation	8·4	5·0	..	2·0
Fisheries	..	2·0	..	..
Rural Development	..	..	0·5	..
TOTAL . .	77·0	207·0	13·6	3·0
II. *Major Irrigation and Power Projects*—				
Irrigation Projects	11·3	..	..	..
Power Projects	..	27·9	..	35·0
TOTAL .	11·3	27·9	..	35·0
III. *Industry*—				
Cottage Industries	..	5·0	0·5	..
Other Industries	..	..	..	..
TOTAL .	..	5·0	0·5	..
IV. *Transport*—				
Roads	15·9	40·0	23·0	20·0
Road Transport	..	..	2·0	..
Ports and Harbours	..	..	..	
TOTAL .	15·9	40·0	25·0	20·0
V. *Social Services*—				
Education	15·0	30·0	10·0	10·0
Medical	31·9	25·0	4·0	5·0
Public Health	6·1	50·0	4·0	..
Housing	..	..	..	..
Labour and Labour Welfare . . .	..	..	..	..
Welfare of Backward Classes .	..	5·0	..	..
TOTAL .	53·0	110·0	18·0	15·0
GRAND TOTAL	157·2	389·9	57·1	73·0

Under the Plan: Part 'C' States

(Rs. lakhs)

Delhi	Himachal Pradesh	Kutch	Manipur	Tripura	Vindhya Pradesh	Total
63·6	28·0	60·6	0·8	12·6	204·7	598·7
9·4	22·4	3·9	2·5	2·8	12·9	71·6
4·9	..	..	..	..	1·5	7·4
2·2	59·0	1·4	3·0	11·3	22·5	135·0
6·3	15·0	3·5	..	1·1	3·0	44·3
2·6	1·0	1·4	..	..	1·2	8·2
..	..	..	..	..	..	0·5
89·0	125·4	70·8	6·3	27·8	245·8	865·7
..	80·0	91·0	..	..	..	182·3
..	13·5	23·0	12·0	7·0	50·5	168·9
—	93·5	114·0	12·0	7·0	50·5	351·2
7·3	23·0	3·5	..	5·8	6·0	51·1
—	—	..	..	..	..	..
7·3	23·0	3·5	..	5·8	6·0	51·1
25·0	110·0	58·3	81·3	128·0	125·9	627·4
216·0	10·0	..	10·5	..	..	238·5
..	—	13·4	..	..	..	13·4
241·0	120·0	71·7	91·8	128·0	125·9	879·3
259·8	36·8	6·8	17·7	24·0	100·0	510·1
58·9	18·1	26·0	6·0	11·7	36·0	222·6
36·0	37·9	10·0	21·0	3·0	60·0	228·0
55·0	..	..	..	..	..	55·0
1·0	—	..	..	..	..	1·0
..	—	2·5	..	..	15·0	22·5
410·7	92·8	45·3	44·7	38·7	211·0	1039·2
748·0	454·7	305·8	154·3	207·3	639·2	3186·5

Statement V: Progress of Developmen

Head	Expenditure in 1950-51	Progress of expenditure		Five Years' Total 1951-56
		1951-52 Revised	1952-53 Budget	
I. *Agriculture and Community Development*—				
Agriculture	244·3	256·2	303·2	5922·2*
Animal Husbandry including Dairying	...	...	30·3	412·0
Forests	...	...	...	200·0
Co-operation	...	...	...	50·0
Fisheries	...	...	...	50·5
Community Projects	...	...	...	9000·0
Local Works	...	...	...	1500·0
Programmes for scarcity-affected areas	...	...	...	1500·0
TOTAL	244·3	256·2	333·5	18634·7
II. *Major Irrigation and Power Projects*	2210·0	3666·0	4033·0	26590·0†
III. *Industry*—				
Large-scale industries	635·3	991·9	1272·9	12604·3‡
Small-scale and Cottage industries	14·5	17·0	20·0	1500·0
Scientific and Industrial Research	96·0	75·2	107·5	461·0
Mineral Development	...	4·2	18·3	106·1
TOTAL	745·8	1088·3	1419·2	14671·4

*Includes lump-sum provision for (a) Minor irrigation—Rs. 30 crores (b) Medium and long term loans to agriculturists—Rs. 10 crores (c) Resettlement of landless agricultural workers—Rs. 2 crores.

†Includes Rs. 40 crores for new irrigation and power projects.

‡Includes lump-sum provision of Rs. 50 crores for basic industries and ancilla transport expansion.

Expenditure: Central Government

(Rs. lakhs)

Head	Expenditure in 1950-51	Progress of expenditure: 1951-52 Revised	Progress of expenditure: 1952-53 Budget	Five Years' Total 1951-56
IV. *Transport*—				
Roads	296·1	365·0	600·0	3124·0
Inland Water Transport	...	2·0	2·0	10·0
Ports and Harbours	78·9	85·7	240·0	3206·4
Shipping	155·1	158·7	418·6	18·508
Railways	3331·0	4689·0	4210·0	25000·0
Civil Aviation	178·2	185·0	217·0	2287·0
Posts and Telegraphs	753·9	487·0	579·0	5000·0
Overseas Communications . . .	8·0	20·0	20·0	100·0
Meteorological Department . .	...	15·0	15·0	62·0
Broadcasting	16·4	35·0	43·3	352·0
TOTAL .	4817·5	6042·4	7044·9	40947.2
V. *Social Services*—				
Education	124·6	149·4	423·0	3901·6*
Health	7·5	10·3	45·5	1787·4
Housing	100·0	168·0	900·0	3850·0
Labour and Labour Welfare . .	55·9	48·5	55·3	397·3
Welfare of Backward Classes, Scheduled Castes and Tribes.	...	174·7	180·0	700·0†
TOTAL .	288·0	550·9	16·308	10636·3
VI. *Rehabilitation*	2032·7	2854·4	2657·5	8500·0
VII. *Works and Buildings*	23·4	57·4	207·8	1102·3
VIII. *Finance Ministry Schemes* . .	92·0	100·5	108·9	439·6
IX. *North East Frontier Agency* . . .	10.6	30·0	20·9	300·0
X. *Andamans*	...	...	...	382·8
XI. *Loans to Corporations*	...	...	...	1200·0
XII. *Miscellaneous*	...	...	...	650·0
GRAND TOTAL .	10464·3	14646·1	17429·5	124054·3

*Includes Rs. 4 crores for assistance to voluntary social welfare organisations.

†In addition, about Rs. 9 crores are likely to be available by way of Central grants under Article 275 (1) of the Constitution.

Statement VI (a)—Progress of Development Expenditure in States by Heads of Development

(Rs. lakhs)

Head	Development Expenditure in 1950-51	Progress of expenditure 1951-52	Progress of expenditure 1952-53	Five Years' Total 1951-56
I. *Agriculture and Community Development*—				
Agriculture	2709·2	2274·6	2525·8	12500·0
Animal Husbandry	96·9	123·9	174·8	1085·5
Dairying and Milk Supply	122·7	138·9	95·7	781·0
Forests	75·1	87·0	166·7	969·5
Co-operation	82·6	99·9	116·7	661·2
Fisheries	53·3	57·1	65·8	413·6
Rural Development	85·2	136·8	195·2	1047·1
TOTAL	3225·0	2918·2	3240·7	17407·9
II. *Major Irrigation and Power Projects*—				
Irrigation Projects	2035·5	2894·6	3506·2	16796·5
Power Projects	1777·3	2224·3	2844·1	12754·0
TOTAL	3812·8	5118·9	6350·3	29550·5
III. *Industry*—				
Cottage Industries	102·3	126·2	185·9	1204·1
Other Industries	445·5	344·3	460·6	1428·9
TOTAL	547·8	470·5	646·5	2633·0
IV. *Transport*—				
Roads	954·5	1226·3	1795·6	7763·8
Road Transport	144·4	137·0	200·4	896·9
Ports and Harbours	0·1	7·0	12·8	102·4
TOTAL	1099·0	1370·3	2008·8	8763·1
V. *Social Services*—				
Education	18833·3	2005·6	2253·6	11664·5
Medical	552·6	763·0	873·1	4243·6
Public Health	366·0	516·5	611·5	3923·6
Housing	142·5	215·8	299·7	1031·6
Labour and Labour Welfare	32·3	32·8	38·8	294·5
Welfare of Backward Classes	259·6	338·6	409·7	2187·2
TOTAL	3186·6	3872·3	4486·4	233344·9
VI. *Miscellaneous*	72·6	108·9	303·4	1124·4
GRAND TOTAL	11943·5	13859·1	17136·1	82823·8

Statement VI (b)—Progress of Development Expenditure by States

(Rs. lakhs)

Head	Development Expenditure in 1950-51	Progress of expenditure 1951-52	Progress of expenditure 1952-53	Five Years' Total 1951-56
Assam	103·0	141·8	247·7	1749·2
Bihar	793·9	1348·6	1531·8	5729·1
Bombay	2011·0	2312·2	2922·7	14643·5
Madhya Pradesh	797·5	782·4	954·3	4308·2
Madras	3064·2	2770·5	3008·2	14084·1
Orissa	320·3	278·9	366·6	1784·2
Punjab	281·2	377·3	591·0	2020·7
Uttar Pradesh	1378·3	1722·6	2294·1	9782·9
West Bengal	1012·2	1308·1	1376·1	6909·7
TOTAL 'A' STATES	9761·6	11042·4	13292·5	61011·6
Hyderabad	602·9	714·8	792·6	4155·0
Madhya Bharat	213·1	251·0	438·8	2242·0
Mysore	524·3	542·8	627·9	3660·2
PEPSU	47·5	52·5	119·2	814·2
Rajasthan	189·8	217·7	216·1	1681·4
Saurashtra	158·0	212·8	357·6	2041·0
Travancore-Cochin	270·5	504·4	598 1	2731·9
TOTAL 'B' STATES*	2006·1	2496·0	3150·3	17325·7
Jammu and Kashmir	27·3	134·1	136·9	1300·0
Ajmer	12·6	14·5	20·3	157·2
Bhopal	41·2	40·5	83·4	389·9
Bilaspur	1·3	3·0	11·4	57·1
Coorg	2·4	6·4	7·5	73·0
Delhi	51·4	59·5	120·6	748·0
Himachal Pradesh	6·4	17·7	94·7	454·7
Kutch	4·1	18·2	74·7	305·3
Manipur	0·4	...	21·5	154·8
Tripura	2·3	4·8	25·9	207·3
Vindhya Pradesh	26·4	22·0	96·4	639·2
TOTAL 'C' STATES	148·5	186·6	556·4	3186·5
GRAND TOTAL	11943·5	13859·1	17136·1	82823·8

* Excluding Jammu Kashmir

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